

# EXHIBIT A

**STATE FARM FIRE AND CASUALTY COMPANY**  
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

3 Ravinia Drive  
Atlanta GA 30346-2117

M-07-3625-FA24

001163 3123  
NINA AMBROSE INSURANCE AGY INC  
800 JUNIPER CRES STE C  
CHESAPEAKE VA 23320-2689

**Policy Number 96-C6-P556-2**



ST-2  
0125-2000

**Action Required:**

Enclosed is a new State Farm ® policy.

This is the customer's copy.

This policy has been mailed to you to deliver and answer any questions the customer may have.  
If you decide to mail this policy to the customer, please put the enclosed policy in a new envelope for delivery.

Contact underwriting for any assistance.

Thank you.

Prepared  
JUL 29 2019  
CMP-4000

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**96-C6-P556-2**

**STATE FARM FIRE AND CASUALTY COMPANY**

A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

3 Ravinia Drive  
Atlanta GA 30346-2117**Named Insured**

M-07-3625-FA24 F U

LADIES SPA INC  
665 NEWTOWN RD STE 114  
VIRGINIA BCH VA 23462-1683ST-2  
02/25-2000**DECLARATIONS**

<b>Policy Number</b>	<b>96-C6-P556-2</b>	
<b>Policy Period</b>	<b>Effective Date</b>	<b>Expiration Date</b>
12 Months	JUL 22 2019	JUL 22 2020
The policy period begins and ends at 12:01 am standard time at the premises location.		

**Agent and Mailing Address**NINA AMBROSE INSURANCE AGY INC  
800 JUNIPER CRES STE C  
CHESAPEAKE VA 23320-2689

PHONE: (757) 413-5025

**Medical Office Policy**

**Automatic Renewal** - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

**Entity:** Corporation

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POLICY PREMIUM	\$ 475.00
Minimum Premium	

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530-686 a.2 05-31-2011 (o1f3231c)

**DECLARATIONS (CONTINUED)**

Medical Office Policy for LADIES SPA INC  
 Policy Number 96-C6-P556-2

**SECTION I - PROPERTY SCHEDULE**

Location Number	Location of Described Premises	Limit of Insurance* Coverage A - Buildings	Limit of Insurance* Coverage B - Business Personal Property	Seasonal Increase-Business Personal Property
001	665 NEWTOWN RD STE 114 VIRGINIA BCH VA 23462-1683	No Coverage	\$ 15,000	25%

\* As of the effective date of this policy, the Limit of Insurance as shown includes any increase in the limit due to Inflation Coverage.

**SECTION I - INFLATION COVERAGE INDEX(ES)**

Cov A - Inflation Coverage Index: N/A  
 Cov B - Consumer Price Index: 256.1

JUL 29 2019

**SECTION I - DEDUCTIBLES**

**Basic Deductible** \$2,500

**Special Deductibles:**

Money and Securities	\$250	Employee Dishonesty	\$250
Equipment Breakdown	\$2,500		

Other deductibles may apply - refer to policy.

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## DECLARATIONS (CONTINUED)

Medical Office Policy for LADIES SPA INC  
Policy Number 96-C6-P556-2

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH DESCRIBED PREMISES**

The coverages and corresponding limits shown below apply separately to each described premises shown in these Declarations, unless indicated by "See Schedule." If a coverage does not have a corresponding limit shown below, but has "Included" indicated, please refer to that policy provision for an explanation of that coverage.

COVERAGE	LIMIT OF INSURANCE
Accounts Receivable	
On Premises	\$50,000
Off Premises	\$15,000
Arson Reward	\$5,000
Back-Up Of Sewer Or Drain	\$15,000
Brands And Labels	\$25,000
Collapse	Included
Damage To Non-Owned Buildings From Theft, Burglary Or Robbery	Coverage B Limit
Debris Removal	25% of covered loss
Equipment Breakdown	Included
Fire Department Service Charge	\$5,000
Fire Extinguisher Systems Recharge Expense	\$5,000
Forgery Or Alteration	\$10,000
Glass Expenses	Included
Increased Cost Of Construction And Demolition Costs (applies only when buildings are insured on a replacement cost basis)	10%
Money And Securities (Off Premises)	\$5,000
Money And Securities (On Premises)	\$10,000
Money Orders And Counterfeit Money	\$1,000
Newly Acquired Business Personal Property (applies only if this policy provides Coverage B - Business Personal Property)	\$100,000

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**DECLARATIONS (CONTINUED)**

**Medical Office Policy for LADIES SPA INC**  
**Policy Number 96-C6-P556-2**

Newly Acquired Or Constructed Buildings (applies only if this policy provides Coverage A - Buildings)	\$250,000
Ordinance Or Law - Equipment Coverage	Included
Outdoor Property	\$5,000
Personal Effects (applies only to those premises provided Coverage B - Business Personal Property)	\$5,000
Personal Property Off Premises	\$15,000
Physicians And Surgeons Equipment	Coverage B Limit
Pollutant Clean Up And Removal	\$10,000
Preservation Of Property	30 Days
Property Of Others (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Signs	\$2,500
Spoilage (applies only to those premises provided Coverage B - Business Personal Property)	
Expediting Expenses	\$1,000
On Premises	\$20,000
Off Premises	\$5,000
Valuable Papers And Records	
On Premises	\$50,000
Off Premises	\$15,000
Water Damage, Other Liquids, Powder Or Molten Material Damage	Included

JUL 29 2019

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - PER POLICY**

The coverages and corresponding limits shown below are the most we will pay regardless of the number of described premises shown in these Declarations.

<b>COVERAGE</b>	<b>LIMIT OF INSURANCE</b>
Dependent Property - Loss Of Income	\$5,000

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**DECLARATIONS (CONTINUED)**

Medical Office Policy for LADIES SPA INC  
Policy Number 96-C6-P556-2



Employee Dishonesty	\$10,000
Utility Interruption - Loss Of Income	\$10,000
Loss Of Income And Extra Expense	Actual Loss Sustained - 12 Months

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**SECTION II - LIABILITY**

<b>COVERAGE</b>	<b>LIMIT OF INSURANCE</b>
Coverage L - Business Liability	\$2,000,000
Coverage M - Medical Expenses (Any One Person)	\$5,000
Damage To Premises Rented To You	\$1,000,000
<b>AGGREGATE LIMITS</b>	<b>LIMIT OF INSURANCE</b>
Products/Completed Operations Aggregate	\$4,000,000
General Aggregate	\$4,000,000

Each paid claim for Liability Coverage reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II - Liability in the Coverage Form and any attached endorsements.

Your policy consists of these Declarations, the BUSINESSOWNERS COVERAGE FORM shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

**FORMS AND ENDORSEMENTS**

CMP-4100	Businessowners Coverage Form
CMP-4561.1	Policy Endorsement
CMP-4705.1	Loss of Income & Extra Expnse
CMP-4246.2	Amendatory Endorsement
CMP-4710	Employee Dishonesty
CMP-4775	Spoilage Coverage
CMP-4648	Fire Department Service Charge

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**DECLARATIONS (CONTINUED)**

**Medical Office Policy for LADIES SPA INC**  
**Policy Number 96-C6-P556-2**

CMP-4709	Money and Securities
CMP-4706	Back-Up of Sewer or Drain
CMP-4704	Dependent Prop Loss of Income
CMP-4703	Utility Interruption Loss Incm
FE-6999.2	Terrorism Insurance Cov Notice
CMP-4409	Physicians and Surgeons
CMP-4825	Brands and Labels
CMP-4788	Addl Insd Mgrs Lessor of Prem
FD-6007	Inland Marine Attach Dec

**SCHEDULE OF ADDITIONAL INTERESTS**

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**Interest Type:** Addl Insured-Section II  
**Endorsement #:** CMP4788  
**Loan Number:** N/A

649-665 NEWTOWN BAKER SHOPPING  
CENTER LLC  
665 NEWTOWN RD  
VIRGINIA BCH VA 234621683

JUL 29 2019

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This policy is issued by the State Farm Fire and Casualty Company.

**Participating Policy**

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm Fire and Casualty Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

  
Secretary

  
President

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**STATE FARM FIRE AND CASUALTY COMPANY**  
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

3 Ravinia Drive  
Atlanta GA 30346-2117

**Named Insured**

M-07-3625-FA24 F U

LADIES SPA INC  
665 NEWTOWN RD STE 114  
VIRGINIA BCH VA 23462-1683



ST-2  
0525-2000

**INLAND MARINE ATTACHING DECLARATIONS**

<b>Policy Number</b>	<b>96-C6-P556-2</b>	
<b>Policy Period</b>	<b>Effective Date</b>	<b>Expiration Date</b>
12 Months	JUL 22 2019	JUL 22 2020
The policy period begins and ends at 12:01 am standard time at the premises location.		

**ATTACHING INLAND MARINE**

**Automatic Renewal** - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

**Annual Policy Premium** Included

The above Premium Amount is included in the Policy Premium shown on the Declarations.

Your policy consists of these Declarations, the INLAND MARINE CONDITIONS shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

**Forms, Options, and Endorsements**

FE-8743.1 Inland Marine Computer Prop  
FE-8739 Inland Marine Conditions  
FE-8742.2 Amendatory Endorsement

See Reverse for Schedule Page with Limits

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FD-6007

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## ATTACHING INLAND MARINE SCHEDULE PAGE

## ATTACHING INLAND MARINE

ENDORSEMENT NUMBER	COVERAGE	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	ANNUAL PREMIUM
FE-8743.1	Inland Marine Computer Prop Loss of Income and Extra Expense	\$ 25,000 \$ 25,000	\$ 500	Included Included

JUL 29 2019

OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

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FD-6007

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530-686 a.2 05-31-2011 (o1f3233c)

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Page 1 of 5

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4561.1 POLICY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM****1. BUSINESSOWNERS COVERAGE FORM TABLE OF CONTENTS** is amended as follows:

- a. The title Electronic Data is changed to Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability.
- b. The title Recording And Distribution Of Material or Information In Violation Of Law is changed to Recording And Distribution Of Material.

**2. Paragraph 2.f. Dishonesty under SECTION I — EXCLUSIONS** is replaced by the following:**f. Dishonesty**

- (1) Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees, directors, trustees, or authorized representatives, whether acting alone or in collusion with each other or with any other party;
- (2) Theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees; but theft by your employees is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

**3. SECTION I — EXTENSIONS OF COVERAGE** is amended as follows:

- a. Paragraph 4.a.(1) under **Collapse** is replaced by the following:

- (1) Collapse means an abrupt falling down or caving in of a building or any part of a building;

- b. Paragraph 5. is replaced by the following:

**5. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss caused by covered water or other liquid, powder, or molten material occurs, we will also pay the cost to tear out and replace only that particular part of the covered building or structure necessary to gain access to the specific point of that system or appliance from which the water or other substance escaped.

We will not pay the cost to repair any defect that caused the loss; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

The amount we pay under this Extension of Coverage will not increase the applicable Limit of Insurance.

- c. Paragraph 13. is replaced by the following:

**13. Personal Property Off Premises**

You may extend the insurance provided by this coverage form to apply to Covered Property, other than "money" and "securities", "valuable papers and records", or accounts receivable, while it is in the course of transit or at another premises. The most we will pay for loss in any one occurrence under this Extension Of Coverage is the Limit Of Insurance for Personal Property Off Premises shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

If the Covered Property is located at another premises you own, lease, operate, or regularly use, the insurance provided under this extension applies

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only if the loss occurs within 90 days after the property is first moved.

The Other Insurance Condition contained in **SECTION I AND SECTION II — COMMON POLICY CONDITIONS** does not apply to this Extension Of Coverage. The insurance provided under this Extension Of Coverage is primary and does not contribute with any other insurance.

- d. The following is added to Paragraph **22.e.** under **Equipment Breakdown**:

Paragraph **5.b.** under **Coverage B — Business Personal Property** is replaced by:

- b. Be your responsibility to maintain or insure according to the terms of your lease or rental agreement.

- e. The following is added:

**Business Personal Property In Portable Storage Units**

You may extend the insurance provided by this coverage form to apply to Business Personal Property, other than "money" and "securities", "valuable papers and records", or accounts receivable, while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the described premises. The most we will pay for loss under this Extension Of Coverage is \$10,000.

The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

Coverage will end 90 days after Business Personal Property has been placed in the storage unit. Coverage does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the Business Personal Property has been stored there for 90 or fewer days at the time of loss.

4. **SECTION II — LIABILITY** is amended as follows:

- a. **Section II — Exclusions** is amended as follows:

- (1) The following is added to Paragraph **3. Liquor Liability**:

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring,

employment, training, or monitoring of others by an insured, or providing or failing to provide transportation with respect to any person that may be under the influence of alcohol if the "occurrence" which caused the "bodily injury" or "property damage" involved that which is described in Paragraph **3.a.**

- (2) Paragraph **8.f.** under **Aircraft, Auto Or Watercraft** is replaced by the following:

- f. "Bodily injury" or "property damage" arising out of:

- (1) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged;

- (2) The operation of any of the following machinery or equipment:

- (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- (b) Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or

- (3) The operation of your business from a land vehicle:

- (a) While it is parked and functioning, other than "loading and unloading", as a premises for your business operations; and

- (b) That would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration

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law where it is licensed or principally garaged.

- (3) Paragraphs **17.b.** and **17.c.** under **Personal And Advertising Injury** are replaced by the following:

- b. Arising out of oral or written publication of material, in any manner, if done by or at the direction of the insured with knowledge of its falsity;
- c. Arising out of oral or written publication of material, in any manner, whose first publication took place before the beginning of the policy period;

- (4) The last paragraph of **17.h.** under **Personal And Advertising Injury** is replaced by the following:

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting;

- (5) Paragraphs **18. Electronic Data** and **19. Recording And Distribution Of Material In Violation Of Law** are replaced by the following:

**18. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

- a. Damages arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information, or any other type of nonpublic information; or
- b. Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses, or any other loss, cost or

expense incurred by you or others arising out of that which is described in Paragraph **a.** or **b.** above.

As used in this exclusion, electronic data means information, facts, or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices, or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve, or send data.

**19. Recording and Distribution of Material**

Damages arising directly or indirectly out of any communication, by or on behalf of any insured, that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), CAN-SPAM Act of 2003, Fair Credit Reporting Act (FCRA), or Fair and Accurate Credit Transaction Act (FACTA); including any regulations and any amendment of or addition to such statutes;
- b. Any federal, state or local law, statute, ordinance, or regulation, in addition to Paragraph **a.** above, that addresses, prohibits or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating, or distribution of material or information; or
- c. Any other federal, state or local law, statute, ordinance, or regulation that may provide a basis for a separate claim or cause of action arising out of any communication referenced in Paragraphs **a.** or **b.** above.

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- b. Paragraph **1.d.(2)** under **Coverage M – Medical Expenses** is replaced by the following:

- (2) Executes authorization to allow us to obtain copies of medical bills, medical records, and any other information we deem necessary to substantiate the claim.

Such authorizations must not:

- (a) Restrict us from performing our business functions in:

- i. Obtaining records, bills, information, and data; or
- ii. Using or retaining records, bills, information, and data collected or received by us;

- (b) Require us to violate federal or state laws or regulations;

- (c) Prevent us from fulfilling our data reporting and data retention obligations to insurance regulators; or

- (d) Prevent us from disclosing claim information and data:

- i. To enable performance of our business functions;
- ii. To meet our reporting obligations to insurance regulators;
- iii. To meet our reporting obligations to insurance data consolidators; and

- iv. As otherwise permitted by law.

If the holder of the information refuses to provide it to us despite the authorization, then at our request the person making claim or his or her legal representative must obtain the information and promptly provide it to us; and

- c. **SECTION II — WHO IS AN INSURED** is amended as follows:

- (1) Paragraph **1.c.** does not apply.

- (2) Paragraphs **2.b.(1)** and **(4)** are replaced by the following:

- (1) “Employees” with respect to “bodily injury” to:

- (a) Any co-“employee” arising out of and in the course of the co-“employee’s” employment or

while performing duties related to the conduct of your business; or

- (b) The spouse, child, parent, brother, or sister of that co-“employee” as a consequence of Paragraph **(a)** above;

- (4) The owner of a “non-owned auto” or any agent of or any person or entity employed by such owner.

- d. Paragraph **2.b.** under **Financial Responsibility Laws of SECTION II — GENERAL CONDITIONS** does not apply.

- e. **SECTION II — DEFINITIONS** is amended as follows:

- (1) Paragraph **2.** is replaced by the following:

2. “Auto” means:

- a. A land motor vehicle, trailer, or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, “auto” does not include “mobile equipment”.

- (2) The following is added to Paragraph **15.** “mobile equipment”:

However, “mobile equipment” does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered “autos”.

- (3) Paragraphs **18.f.** and **g.** of “personal and advertising injury” are replaced by the following:

- f. The use of another’s advertising idea in your “advertisement”;

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- g. Infringing upon another's trade dress or slogan in your "advertisement", or
- h. Infringement of another's copyright, patent, trademark, or trade secret.
- f. The following are added to **SECTION I AND SECTION II – COMMON POLICY CONDITIONS**:

**Our Rights Regarding Claim Information**

- a. We will collect, receive, obtain, use, and retain all the items described in Paragraph **b.(1)** below and use and retain the information described in Paragraph **b.(3)(b)** below, in accordance with applicable federal and state laws and regulations and consistent with the performance of our business functions.
- b. Subject to Paragraph **a.** above, we will not be restricted in or prohibited from:
- (1) Collecting, receiving, or obtaining records, receipts, invoices, medical bills, medical records, wage information, salary information, employment information, data, and any other information;
  - (2) Using any of the items described in Paragraph **b.(1)** above; or
  - (3) Retaining:
    - (a) Any of the items in Paragraph **b.(1)** above; or
    - (b) Any other information we have in our possession as a result of

our processing, handling, or otherwise resolving claims submitted under this policy.

- c. We may disclose any of the items in Paragraph **b.(1)** above and any of the information described in Paragraph **b.(3)(b)** above:
- (1) To enable performance of our business functions;
  - (2) To meet our reporting obligations to insurance regulators;
  - (3) To meet our reporting obligations to insurance data consolidators;
  - (4) To meet other obligations required by law; and
  - (5) As otherwise permitted by law.
- d. Our rights under Paragraphs **a.**, **b.**, and **c.** above shall not be impaired by any:
- (1) Authorization related to any claim submitted under this policy; or
  - (2) Act or omission of an insured or a legal representative acting on an insured's behalf.

**Electronic Delivery**

With your consent, we may electronically deliver any document or notice, including a notice to renew, nonrenew, or cancel, instead of mailing it or delivering it by other means. Proof of transmission will be sufficient proof of notice.

All other policy provisions apply.

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08/25/2000



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CMP-4705.1  
Page 1 of 4

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4705.1 LOSS OF INCOME AND EXTRA EXPENSE**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

The coverage provided by this endorsement is subject to the provisions of **SECTION I — PROPERTY**, except as provided below.

**COVERAGES****1. Loss Of Income**

- a. We will pay for the actual "Loss Of Income" you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by accidental direct physical loss to property at the described premises. The loss must be caused by a Covered Cause Of Loss. With respect to loss to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, then the described premises means:

- (1) The portion of the building which you rent, lease or occupy; and
- (2) Any area within the building or on the site at which the described premises are located, if that area is the only such area that:
  - (a) Services; or
  - (b) Is used to gain access to; the described premises.

- b. We will only pay for "Loss Of Income" that you sustain during the "period of restoration" that occurs after the date of accidental direct physical loss and within the number of consecutive months for Loss Of Income And Extra Expense shown in the Declarations. We will only pay for "ordinary payroll expenses" for 90 days following the date of accidental direct physical loss.

**2. Extra Expense**

- a. We will pay necessary "Extra Expense" you incur during the "period of restoration" that you would not have incurred if there had been no accidental direct physical loss to property at the described premises. The loss must be caused by a Covered Cause Of Loss. With respect to loss to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, then the described premises means:

- (1) The portion of the building which you rent, lease or occupy; and
- (2) Any area within the building or on the site at which the described premises are located, if that area is the only such area that:
  - (a) Services; or
  - (b) Is used to gain access to; the described premises.

- b. We will only pay for "Extra Expense" that occurs after the date of accidental direct physical loss and within the number of consecutive months for Loss Of Income And Extra Expense shown in the Declarations.

**3. Extended Loss Of Income**

- a. If the necessary "suspension" of your "operations" produces a "Loss Of Income" payable under this policy, we will pay for the actual "Loss Of Income" you incur during the period that:
- (1) Begins on the date property, except finished stock, is actually repaired, rebuilt or replaced and "operations" are resumed; and

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(2) Ends on the earlier of:

(a) The date you could restore your "operations", with reasonable speed, to the level which would generate the Net Income amount that would have existed if no accidental direct physical loss had occurred; or

(b) 60 consecutive days after the date determined in Paragraph a.(1) above.

However, Extended Loss Of Income does not apply to "Loss Of Income" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause Of Loss in the area where the described premises are located.

b. "Loss Of Income" must be caused by accidental direct physical loss at the described premises caused by any Covered Cause Of Loss.

#### 4. Civil Authority

a. When a Covered Cause Of Loss causes damage to property other than property at the described premises, we will pay for the actual "Loss Of Income" you sustain and necessary "Extra Expense" caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause Of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

b. Civil Authority coverage for "Loss Of Income" will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

c. Civil Authority coverage for necessary "Extra Expense" will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) Four consecutive weeks after the date of that action; or

(2) When your Civil Authority coverage for "Loss Of Income" ends;

whichever is later.

#### EXTENSIONS OF COVERAGE

##### 1. Newly Acquired Property

a. You may extend the insurance provided by this endorsement to apply to newly acquired or constructed property covered as described in Paragraph 12. of **SECTION I — EXTENSIONS OF COVERAGE** of your policy.

b. The most we will pay in any one occurrence under this coverage for "Loss Of Income" and necessary "Extra Expense" is the actual loss you sustain.

##### 2. Interruption Of Web Site Operations

a. You may extend the insurance provided by this endorsement to apply to the necessary interruption of your business. The interruption must be caused by an accidental direct physical loss to your Web Site Operations at the premises of a vendor acting as your service provider.

Such interruption must be caused by a Covered Cause Of Loss other than a loss covered under Equipment Breakdown Extension Of Coverage of your Business-owners Coverage Form.

###### (1) Coverage Time Period

We will only pay for loss you sustain during the seven-day period immediately following the first 12 hours after the Covered Cause Of Loss.

###### (2) Conditions

(a) This coverage applies only if you have a back-up copy of your Web Site stored at a location other than the site of the Web Site vendor and to the extent "Loss Of Income" is permanently lost.

(b) Notwithstanding any provision to the contrary, the coverage provided under this Interruption Of Web Site

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Operations Extension Of Coverage is primary to any LOSS OF INCOME AND EXTRA EXPENSE coverage provided by the **Inland Marine Computer Property Form**.

- b. The most we will pay in any one occurrence under this coverage is \$10,000.

### 3. Off Premises – Loss Of Income

- a. You may extend the insurance provided by this endorsement to apply to the necessary “suspension” of your business. The “suspension” must be caused by an accidental direct physical loss to Covered Property while it is in the course of transit or at another premises.

If the Covered Property is located at another premises you own, lease, operate, or regularly use, the insurance provided under this extension applies only if the loss occurs within 90 days after the property is first moved.

We will only pay for loss you sustain during the period beginning immediately after the time of accidental direct physical loss caused by any Covered Cause Of Loss and ending when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

- b. The most we will pay in any one occurrence under this coverage is \$20,000.

### EXCLUSIONS

We will not pay for:

1. Any “Extra Expense”, or increase of “Loss Of Income”, caused by:
  - a. Delay in rebuilding, repairing or replacing the property or resuming “operations”, due to interference at the location of the rebuilding, repair or replacement by strikers, picketers, or any others charged with rebuilding, repairing, or replacing property; or
  - b. Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the “suspension” of your “operations”, we will cover such loss that affects your “Loss Of Income” during the “period of restoration”.
2. Any other consequential loss.

### CONDITION

#### Resumption Of Operations

We will reduce the amount of your:

1. “Loss Of Income”, other than “Extra Expense”, to the extent you can resume your “operations”, in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
2. “Extra Expense” loss to the extent you can return “operations” to normal and discontinue such “Extra Expense”.

### DEDUCTIBLE

No deductible applies to the coverage provisions provided in this “Loss Of Income” endorsement.

However, for any loss covered under Paragraph **22.b.(4)** of the Equipment Breakdown Extension Of Coverage of your policy, the Special Deductible for Equipment Breakdown will apply to this “Loss Of Income”.

### DEFINITIONS

1. “Extra Expense” means expense incurred:
  - a. To avoid or minimize the “suspension” of business and to continue “operations”:
    - (1) At the described premises; or
    - (2) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
  - b. To minimize the “suspension” of business if you cannot continue “operations”.
  - c. To:
    - (1) Repair or replace any property; or
    - (2) Research, replace or restore the lost information on damaged “valuable papers and records”

to the extent it reduces the amount of loss that otherwise would have been payable under this coverage or “Loss Of Income” coverage.

2. “Loss Of Income” means the sum of the amounts as described in **a.** and **b.** below:
  - a. Net Income (net profit or loss before income taxes) that would have been earned or incurred if no accidental direct physical loss had occurred, including:
    - (1) “Rental value”;

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- (2) "Maintenance fees", if you are a condominium association or other similar community association;
  - (3) Total receipts and contributions (less operating expenses) normally received during the period of disruption of operations; and
  - (4) Tuition and fees from students, including fees from room, board, laboratories and other similar sources.
- Net Income does not include any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause Of Loss on customers or on other businesses.
- b. Continuing normal operating expenses incurred, including "ordinary payroll expenses".
3. "Maintenance fees" means the regular payment made to you by unit-owners and used to service the common property.
  4. "Operations" means your business activities occurring at the described premises.
  5. "Ordinary payroll expenses":
    - a. Mean payroll expenses for all your employees except:
      - (1) Officers;
      - (2) Executives;
      - (3) Department Managers; and
      - (4) Employees under contract.
    - b. Include:
      - (1) Payroll;
      - (2) Employee benefits, if directly related to payroll;
      - (3) FICA payments you pay;
      - (4) Union dues you pay; and
      - (5) Workers' compensation premiums.
  6. "Period of restoration":
    - a. Means the period of time that:

- (1) Begins immediately after the time of accidental direct physical loss caused by any Covered Cause Of Loss at the described premises; and
  - (2) Ends on the earlier of:
    - (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (b) The date when business is resumed at a new permanent location.
- b. Does not include any increased period required due to the enforcement of any ordinance or law that:
    - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
    - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

7. "Rental value" means:
  - a. The total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you;
  - b. The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
  - c. The fair rental value of any portion of the described premises which is occupied by you.
8. "Suspension" means:
  - a. The partial slowdown or complete cessation of your business activities; or
  - b. That a part or all of the described premises is rendered untenable, if coverage for "Loss Of Income" applies.

All other policy provisions apply.

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Page 1 of 4**FE-8743.1 INLAND MARINE COMPUTER PROPERTY FORM****INSURING AGREEMENT**

We will pay for accidental direct physical loss to:

1. "Computer equipment", used in your business operations, that you own, lease from others, rent from others, or that is loaned to you. However, we do not insure "computer equipment" used to operate or control vehicles.
2. Removable data storage media used in your business operations to store "electronic data".

We do not insure property you lease to others or rent to others.

We do not insure "computer programs" or "electronic data" except as provided in the Computer Programs And Electronic Data Extension Of Coverage.

**LIMIT OF INSURANCE**

We will pay for all covered loss up to the limits shown on the Schedule Page.

**DEDUCTIBLE**

The deductible amount shown on the Schedule Page will only apply to the property covered under this form. This amount will be deducted from the amount of any loss under this coverage.

**EXCLUSIONS**

1. We do not insure under any coverage for any loss to any property while in transit as checked baggage on a commercial airline;
2. We do not insure for loss either consisting of, or caused by, one or more of the following:
  - a. Errors and omissions in programming. However, we do insure for any resulting loss unless the resulting loss itself is excluded;
  - b. Faulty, inadequate, unsound or defective design, specifications, workmanship, or repair. However, we do insure for any resulting loss unless the resulting loss itself is excluded;
  - c. Wear, tear, marring, scratching, rust, corrosion or deterioration. However, we do insure for any resulting loss unless the resulting loss itself is excluded;
  - d. Property that is missing, where the only evidence of the loss is a shortage disclosed on taking inventory, or other instances

where there is no physical evidence to show what happened to the property;

- e. Any dishonest or criminal act occurring at any time by you, any of your partners, employees, directors, or trustees;
- f. Hidden or latent defect or any quality in property that causes it to damage or destroy itself. However, we do insure for any resulting loss unless the resulting loss itself is excluded; or
- g. Obsolescence;
3. We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the cause of the excluded event; or (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

**a. Fungi**

Growth, proliferation, spread or presence of "fungi", including:

- (1) Any loss of use or delay in repairing or replacing covered property, including any associated cost or expense, due to interference at the location of the covered property or at the location of the repair or replacement of that property by "fungi";
- (2) Any remediation of "fungi", including the cost or expense to:
  - (a) Remove the "fungi" from covered property or to repair, restore or replace that property;
  - (b) Take apart and repair any property as needed to gain access to the "fungi";
  - (c) Contain, treat, detoxify, neutralize or dispose of or in any way respond to or assess the effects of the "fungi"; or



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(d) Remove any property to protect it from the presence of or exposure to "fungi"; and

(3) The cost of any testing or monitoring of air or property to confirm the type, absence, presence or level of "fungi", whether performed prior to, during, or after removal, repair, restoration or replacement of covered property.

**b. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

**c. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss caused by that fire.

**d. War And Military Action**

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

**EXTENSIONS OF COVERAGE**

**1. Computer Programs And Electronic Data**

a. We will pay for accidental direct loss to:

(1) The following types of "computer programs" and "electronic data" that you own, license from others, lease from others, or rent from others:

(a) "Computer programs" used in your business operations; or

(b) The "electronic data" that exists in "computer" memory or on "computer" storage media, used in your business operations.

(2) That portion of your customers' "electronic data" that is supplied to you for

processing or other use in your business operations. Coverage for customers' "electronic data" is limited to the specific data file(s) containing the information you are processing or using in your business operations.

We do not cover any property you lease to others, rent to others or license to others. We do not cover "computer equipment" or removable data storage media under this Extension Of Coverage. This coverage extension is included in the Limit Of Insurance shown on the Schedule Page.

Loss does not include any consequential loss except as may be provided in the optional Loss Of Income And Extra Expense coverage.

b. All items under the EXCLUSIONS section of this form apply to this Extension Of Coverage except:

(1) Item a. in Paragraph 2. does not apply to:

(a) "Computer programs" other than the program in which the error or omission in programming occurs; and

(b) "Electronic data"; covered under this extension;

(2) Item b. in Paragraph 2. does not apply to "electronic data" covered under this extension; and

(3) Items c. and d. in Paragraph 2. do not apply to "computer programs" and "electronic data" covered under this extension.

c. We do not provide coverage for loss to, or loss of value resulting from infringement of, your intellectual property rights.

**2. Fire Protection Devices**

We will cover your expense, for up to \$25,000, to recharge or refill any fire protection devices which have been discharged to protect the covered property.

The amount we pay under this Extension Of Coverage is an additional amount of insurance and is not subject to a deductible.

**3. Debris Removal**

We will cover your expense to remove the debris of covered property, caused by Covered Cause Of Loss.

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The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

## **SPECIAL CONDITIONS**

### **1. Valuation**

We agree all losses to:

- a. "Computer equipment" will be determined based on the cost to repair or replace with that of similar performance, capacity or function.
- b. Removable data storage media will be determined based on the cost to repair or replace that media with blank media of similar performance, capacity or function.
- c. "Computer programs":
  - (1) That are commercial off-the-shelf will be determined based on the cost to repair or replace with that of similar performance, capacity or function; or
  - (2) That are not commercial off-the-shelf will be determined based on the cost of reproducing the programs if they are reproduced. If not reproduced, loss will be determined based on the cost of blank, readily available, removable data storage media, such as blank discs, with suitable capacity to store the programs.
- d. "Electronic data" will be determined based on the cost of reproducing the data, if it is reproduced. If not reproduced, loss will be determined based on the cost of blank, readily available, removable data storage media, such as blank discs, with suitable capacity to store the data.

### **2. One Loss**

If an initial loss causes other losses, all will be considered one loss. All losses that are the result of the same event will be considered one loss.

## **OPTIONAL COVERAGE – LOSS OF INCOME AND EXTRA EXPENSE**

1. If a limit is shown on the Inland Marine Schedule Page for Loss Of Income And Extra Expense, coverage under this form is provided, subject to that limit, for the following:
  - a. The actual "Loss Of Income" you sustain due to the necessary "suspension" of your operations during the "period of restoration". The "suspension" must be caused by damage or destruction to property covered

under this form, by a Covered Cause Of Loss; and

- b. Any necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no damage or destruction to property covered under this form, by a Covered Cause Of Loss.

We will only pay for "Loss Of Income" or "extra expense" that you sustain during the "period of restoration" that occurs within 12 consecutive months after the date of loss. We will only pay for "ordinary payroll expenses" for 90 days following the date of loss.

### **2. We will not pay for:**

- a. Any "extra expense" or increase of "Loss Of Income" caused by suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of your operations, we will cover such loss that affects your "Loss Of Income" during the "period of restoration";
- b. Any "extra expense" caused by suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration";
- c. Any other consequential loss; or
- d. Loss caused by seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

## **DEFINITIONS**

### **1. "Computer" means:**

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.

2. "Computer equipment" means "computers", "computer" cables and wiring not attached to or forming a part of a building, and equipment manuals. "Computer equipment" does not mean other types of devices with internal computing capability, such as intelligent devices that contain an embedded chip or some other form of logic circuitry, or the computing components in those devices.

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3. "Computer programs" means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
4. "Electronic data" means information, facts or "computer programs" stored as or on, created or used on, or transmitted to or from "computer" software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of "computer" software which are used with electronically controlled equipment.
5. "Extra expense" means expense incurred:
- To avoid or minimize the "suspension" of business and to continue operations.
  - To minimize the "suspension" of business if you cannot continue operations.
  - To repair or replace any property to the extent it reduces the amount of loss that would otherwise have been payable under this coverage or "Loss Of Income" coverage.
6. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungus.
7. "Loss Of Income" means the sum of the amounts as described in **a.** and **b.** below:
- Net income (net profit or loss before income taxes) that would have been earned or incurred if no accidental direct loss had occurred, including:
    - "Rental value";
    - "Maintenance fees", if you are a condominium association or other similar community association;
    - Total receipts and contributions (less operating expenses) normally received during the period of disruption of operations; and
    - Tuition and fees from students, including fees from room, board, laboratories and other similar sources.
  - Continuing normal operating expenses incurred, including "ordinary payroll expenses".
8. "Maintenance fees" means the regular payment made to you by unit-owners and used to service the common property.
9. "Ordinary payroll expenses":
- Mean payroll expenses for all your employees except:
    - Officers;
    - Executives;
    - Department Managers; and
    - Employees under contract;
  - Include:
    - Payroll;
    - Employee benefits, if directly related to payroll;
    - FICA payments you pay;
    - Union dues you pay; and
    - Workers' compensation premiums.
10. "Period of restoration" means the period of time that:
- Begins immediately after the time of loss to property covered by this form; and
  - Ends on the date when the property covered by this form should be repaired, rebuilt, restored or replaced with reasonable speed and similar quality.
- The expiration date of this policy will not cut short the "period of restoration".
11. "Rental value" means:
- The total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you;
  - The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
  - The fair rental value of any portion of the described premises which is occupied by you.
12. "Suspension" means the partial slowdown or complete cessation of your business activities.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4246.2 AMENDATORY ENDORSEMENT (Virginia)**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**A. SECTION I** is amended as follows:

1. Paragraph **1.b.** of **SECTION I – CONDITIONS** is replaced by the following:

**b. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, the insured or the insurer may apply in writing, for the appointment of an umpire, to the judge of the circuit court of the county or city in which the damaged or destroyed property was located at the time of loss. The appraisers will state separately the value of the property and amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. If you make a written demand for an appraisal of the loss, each party will:

- (1) Pay its own appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

However, if we make written demand for an appraisal of the loss, we will reimburse you for the reasonable cost of your chosen appraiser, and for your portion of the cost of the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

2. Paragraph **1.c.(1)(a)** under Duties In The Event Of Loss of **SECTION I – CONDITIONS** does not apply.

3. Paragraph **1.e.(4)(a)ii.** under Loss Payment of **SECTION I – CONDITIONS** is replaced by the following:

- ii. You may make an initial claim for loss covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within six months of the later of the following dates:

- 1) The last date on which you received a payment for actual cash value; or
- 2) The date of entry of a final order of a court of competent jurisdiction declaring your right to full replacement cost.

**B. Paragraph 1.d. of SECTION II – WHO IS AN INSURED** is replaced by the following:

- d. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as an insured if there is no other similar insurance available to that organization. However:

- (1) Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, which is earlier;

- (2) There is no coverage for:

- (a) "Bodily injury" or "property damage" that occurred; or
- (b) "Personal and advertising injury" arising out of an offense committed; before you acquired or formed the organization.

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**C. SECTION I AND SECTION II – COMMON POLICY CONDITIONS** are amended as follows:

- 1. SECTION I – PROPERTY** of Paragraph 7. Other Insurance is replaced by the following:

**SECTION I – PROPERTY**

If there is other insurance covering the same loss, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit Of Insurance under this policy bears to the Limits Of Insurance of all insurance covering on the same basis. However, this insurance is primary and does not contribute with any other insurance for a covered loss to property as described in **Coverage A – Buildings** that you do not own and which is your insurance responsibility according to the terms of a lease or rental agreement. We will decide if our payment for loss will be made to you or to the owner of the property.

- 2. Paragraph 8. Premiums** is amended as follows:

- a. The first Named Insured shown in the Declarations:
- (1) Is responsible for the payment of all premiums; and
  - (2) Will be the payee for any return premiums we pay.
- b. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
- c. Unless otherwise provided by an alternative payment plan in effect with "State Farm Companies", you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
- (1) Paid to us prior to the anniversary date; and

- (2) Determined in accordance with Paragraph **b.** above.

Our forms then in effect will be provided to you.

- d. Undeclared exposures or change in your business operation, acquisition or use of premises may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules in effect on the inception date or last anniversary date of the policy.

When you request changes to this policy, or the information or factors used to calculate the premium for this policy changes during the policy period, we may adjust the premium in accordance with the change during the policy period and you must pay any additional premium due within the time we specify.

- e. The premium for this policy may vary based upon:
- (1) The purchase of other insurance from the "State Farm Companies";
  - (2) The purchase of products or services from an organization that has entered into an agreement or contract with the "State Farm Companies". The "State Farm Companies" do not warrant the merchantability, fitness, or quality of any product or service offered or provided by that organization; or
  - (3) An agreement, concerning the insurance provided by this policy, that the "State Farm Companies" has with an organization in which you have a membership, or of which you are a subscriber, licensee, or franchisee.
- f. Your purchase of this policy may allow:
- (1) You to purchase or obtain certain coverages, coverage options, coverage deductibles, coverage limits, or coverage terms on other products from the "State Farm Companies", subject to their applicable eligibility rules; or

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(2) The premium or price for other products or services purchased by you, including non-insurance products or services, to vary. Such other products or services must be provided by the "State Farm Companies" or by an organization that has entered into an agreement or contract with the "State Farm Companies". The "State Farm Companies" do not warrant the merchantability, fitness or quality of any product or service offered or provided by that organization.

3. The following is added:

**Cancellation**

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to you written notice of cancellation at least:
  - (1) 15 days before the effective date of cancellation if we cancel for your failure to discharge when due any of your obligations in connection with the payment of premium for this policy; or
  - (2) 45 days before the effective date of cancellation if we cancel for any other reason.
- c. Our notice will state the specific reason or reasons for cancellation and the effective date of cancellation. The policy period will end on that date.
- d. If this policy is cancelled, we will send the first Named Insured any premium

refund due. Any refund premium will be calculated pro rata. The cancellation will be effective even if we have not made or offered a refund.

e. If this policy insured more than one Named Insured:

- (1) The first Named Insured may affect cancellation for the account of all insureds; and
- (2) Payment of unearned premium to the first Named Insured is for the account of all interests therein.

**When We Do Not Renew**

If we elect not to renew this policy, we will mail or deliver a written notice of nonrenewal to you, stating the specific reason or reasons for nonrenewal, at least:

- a. 15 days before the expiration date of this policy if we nonrenew for your failure to discharge when due any of your obligations in connection with the payment of premium; or
- b. 45 days before the expiration date if the nonrenewal is for any other reason.

**Notice Of Cancellation Or Nonrenewal**

We will mail or deliver written notice of cancellation or nonrenewal to your last mailing address known to us. If such notice is mailed it will be sent in accordance with Virginia law.

A notice of nonrenewal may be delivered electronically to the address provided by you. If delivered electronically, we will retain evidence of electronic transmittal or receipt of the notification for at least one year from the date of the transmittal.

All other policy provisions apply.

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FE-8739  
Page 1 of 3**FE-8739 INLAND MARINE CONDITIONS**

Coverage in the Inland Marine Form is primary to any coverage provided in the policy this Form is attached to, for the same property.

The following Conditions also apply:

1. **Agreement.** We agree to provide the insurance described in this policy. You agree to pay premiums when due and comply with the provisions of this policy.
2. **Definitions.** Throughout this policy, the words "you" and "your" refer to the Named Insured and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.
3. **Valuation.** The value of covered property will be determined based on the provisions in the applicable coverage form attached.
4. **Loss Payment.** In the event of loss covered by this policy:
  - a. We will give notice, within 30 days after we receive the sworn statement of loss, of our intent to settle the loss according to one of the following methods:
    - (1) Pay the value of lost or damaged property as determined in the Valuation Condition shown in the applicable coverage form;
    - (2) Pay the cost of replacing or repairing the lost or damaged property, plus any reduction in value of repaired items;
    - (3) Take all or any part of the property at an agreed or appraised value; or
    - (4) Repair, rebuild or replace the property with other property of like kind and quality;
  - b. We will not pay you more than your financial interest in the covered property;
  - c. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property;
  - d. We may elect to defend you, at our expense, against suits arising from claims of owners of property;
  - e. We will pay for covered loss within 30 days after we receive the sworn statement of loss, if:
    - (1) You have complied with all of the terms of this policy; and
    - (2) We have reached agreement with you on the amount of loss or an appraisal award has been made.
5. **Duties in the Event of Loss.** You must see that the following are done in the event of loss to covered property:
  - a. Notify the police if a law may have been broken;
  - b. Give us prompt notice of the loss. Include a description of the lost or damaged property in the notice;
  - c. As soon as possible, give us a description of how, when and where the loss occurred;
  - d. Take all reasonable steps to protect the covered property from further damage by an insured loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your emergency and temporary repair expenses for consideration in the settlement of the claim. This will not increase the limit of insurance;
  - e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed;
  - f. Permit us to inspect the property and records proving the loss;
  - g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
  - h. Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
  - i. Cooperate with us in the investigation or settlement of the claim;

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- j. Resume all or part of your business activities at the described premises as quickly as possible.
- 6. Appraisal.** If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. Each party will notify the other of the selected appraiser's identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
- Pay its chosen appraiser; and
  - Bear the other expenses of the appraisal and umpire equally.
- If we submit to an appraisal, we will still retain our right to deny the claim.
- 7. Abandonment.** There can be no abandonment of any property to us.
- 8. Legal Action Against Us.** No one may bring legal action against us under this insurance unless:
- There has been full compliance with all of the terms of this insurance; and
  - The action is brought within two years after the date on which the accidental direct physical loss occurred. But if the law of the state in which this policy is issued allows more than two years to bring legal action against us, that longer period of time will apply.
- 9. Recovered Property.** If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property subject to the limit of insurance.
- 10. No Benefit to Bailee.** No person or organization, other than you, having custody of covered property will benefit from this insurance.
- 11. Knowledge or Control.** We will not pay for loss while the chance of loss is increased by any means within your knowledge or control.
- 12. Policy Period, Coverage Territory.** We cover loss commencing during the policy period and within or between the coverage territory. The coverage territory is the United States of America (including its territories and possessions), Puerto Rico and Canada.
- 13. Changes**
- This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
  - We may change the Named Insured's policy address as shown in the Declarations and in our records to the most recent address provided to us by:
    - You; or
    - The United States Postal Service.
- 14. Concealment, Misrepresentation or Fraud.** This policy is void in any case of fraud by you as it relates to the policy at any time. It is also void if you or any other insured intentionally conceal or misrepresent a material fact concerning:
- This policy;
  - The covered property;
  - Your interest in the covered property; or
  - A claim under this policy.
- 15. Examination of Your Books and Records.** We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
- 16. Inspections and Surveys**
- We have the right to:
    - Make inspections and surveys at any time;
    - Give you reports on the conditions we find; and
    - Recommend changes.



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b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- (1) Are safe and healthful; or
- (2) Comply with laws, regulations, codes or standards.

c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

**17. Liberalization.** If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

**18. Other Insurance.** If loss covered by this policy is also covered by other insurance written in your name, we will not pay for a greater proportion of the covered loss than this policy's Limit of Insurance bears to the total amount of insurance covering such loss.

#### **19. Premiums**

a. The first Named Insured shown in the Declarations:

- (1) Is responsible for the payment of all premiums; and
- (2) Will be the payee for any return premiums we pay.

b. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

c. You may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- (1) Paid to us prior to the anniversary date; and
- (2) Determined in accordance with Paragraph b. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

d. Undeclared exposures, acquisition, or change in your business operation may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

#### **20. Transfer of Rights of Recovery Against Others to Us.**

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you; or
  - (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

#### **21. Transfer of Your Rights and Duties Under This Policy.**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**22. Conformity to State Law.** When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4710 EMPLOYEE DISHONESTY**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**The following is added as an Extension of Coverage under **SECTION I — EXTENSIONS OF COVERAGE**.**Employee Dishonesty**

1. We will pay for direct physical loss to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
  - a. Cause you to sustain loss; and
  - b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment) for:
    - (1) Any "employee"; or
    - (2) Any other person or organization intended by that "employee" to receive that benefit.

2. The most we will pay for loss under this Coverage in any one occurrence, regardless of the number of described premises, is the Limit Of Insurance for Employee Dishonesty shown in the Declarations, even if the occurrence includes more than one policy period.

The amount we pay under this Extension of Coverage is an additional amount of insurance.

Regardless of the amount of the Basic Deductible, the most we will deduct from any loss under this Extension of Coverage in any one occurrence is the applicable deductible listed for Employee Dishonesty under Special Deductibles shown in the Declarations.

3. We will determine the value of:
  - a. "Money" at its face value; and
  - b. "Securities" at their value at the close of business on the day the loss is discovered.
4. All loss:
  - a. Caused by one or more persons; or

- b. Involving a single act or series of acts; is considered one occurrence.

5. With respect to coverage provided by this endorsement:

- a. Paragraph 2. of **Property Not Covered** does not apply.
  - b. Paragraph 1.d. of **Property Subject To Limitations** does not apply.
  - c. Paragraph 2.f. of **SECTION I — EXCLUSIONS** does not apply.
  - d. The first paragraph under **SECTION I — EXTENSIONS OF COVERAGE** does not apply.

6. We will not pay for loss:

- a. Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
  - b. When the only proof of its existence or amount is:
    - (1) An inventory computation; or
    - (2) A profit and loss computation.

7. This Coverage does not apply to any "employee" immediately upon discovery by:

- a. You; or
  - b. Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

8. We will pay only for loss you sustain through acts committed or events occurring during the policy period.

These acts must be discovered no later than one year from the end of the policy period.

9. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit Of Insurance cumulates from year to year or period to period.

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CMP-4710  
Page 2 of 2**10. If any loss is covered:**

- a. Partly by this insurance; and
- b. Partly by any prior cancelled or terminated insurance or expired policy period that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

**11. If you (or any predecessor in interest) sustained loss during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this Coverage, provided:**

- a. This Coverage became effective at the time of cancellation or termination of the prior insurance; and
- b. The loss would have been covered by this Coverage had it been in effect when the acts or events causing the loss were committed or occurred.

**12. The insurance under Paragraph 11. above is part of, not in addition to, the Limit Of Insurance applying to this Coverage and is limited to the lesser of the amount recoverable under:**

- a. This Coverage as of its effective date; or
- b. The prior insurance had it remained in effect.

**13. With respect to this Coverage "employee" means:**

- a. Any natural person:
  - (1) While in your service or for 30 days after termination of service;
  - (2) Who you compensate directly by salary, wages or commissions; and

**(3) Who you have the right to direct and control while performing services for you;**

- b. Any "manager", director, officer or trustee, whether compensated or not, except while performing acts outside the scope of their normal duties;

**c. Any natural person who is furnished temporarily to you:****(1) To substitute for a permanent "employee" as described in Paragraph a. above, who is on leave; or****(2) To meet seasonal or short-term work load conditions;**

- d. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as described in Paragraph c. above;

- e. Any natural person who is a former "employee", director, officer, partner, "member", "manager", representative or trustee retained as a consultant while performing services for you; or

- f. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But this does not include any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character.

All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4775 SPOILAGE COVERAGE**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

The following provisions apply to the coverage provided by this endorsement:

Under **SECTION I — EXTENSIONS OF COVERAGE**, the following is added:**Spoilage**

1. You may extend the insurance that applies to Business Personal Property to accidental direct physical loss to "perishable goods", caused by:
  - a. Breakdown, meaning a change in temperature, humidity or pressure resulting from mechanical breakdown or mechanical failure to refrigerating, cooling or humidity control equipment.  
 Mechanical breakdown and mechanical failure do not mean power interruption, regardless of how or where the interruption is caused and whether or not the interruption is complete or partial;
  - b. Contamination by a refrigerant; or
  - c. Power Outage, meaning a change in temperature, humidity or pressure resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.
2. We will also pay for the reasonable cost you incur to avoid the imminent spoilage of your "perishable goods" resulting from mechanical breakdown or mechanical failure to refrigerating, cooling or humidity control equipment on transporting conveyances that you own or lease, but are not at a premises you own, lease or operate.

This cost will only include:

- a. Expenses of a replacement vehicle, including the additional wages of the driver of that replacement vehicle;
- b. Wages for laborers to unload the disabled vehicle and reload the replacement vehicle; and

- c. Expenses for temporary storage in cold storage facilities while awaiting disposition of the product.

3. **SECTION I — EXCLUSIONS** is amended by the following:

- a. Of the exclusions listed in Paragraph 1. under **SECTION I — EXCLUSIONS**, only the following apply to this Spoilage Coverage Extension:
  - (1) Earth Movement;
  - (2) Volcanic Eruption;
  - (3) Governmental Action;
  - (4) Nuclear Hazard;
  - (5) War And Military Action; and
  - (6) Water.
- b. To the extent that coverage is provided by this endorsement, Exclusions 2.a., 2.j., 2.l.(6), 2.l.(7)(a), and 2.l.(7)(b) do not apply.

## 4. The following additional exclusion applies:

We do not insure for loss whether consisting of, or directly and immediately caused by, one or more of the following:

- a. The disconnection of any refrigerating, cooling or humidity control equipment from their source of power.
- b. The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- c. The inability of an electrical utility company or other power source to provide sufficient power due to:
  - (1) Lack of fuel; or
  - (2) Governmental order.
- d. The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

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- e. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control equipment.
5. The most we will pay under this Spoilage Coverage endorsement is the Limit Of Insurance shown in the Declarations under:
- a. Spoilage – On Premises, for any loss covered under Paragraph 1. of this endorsement, where the loss to “perishable goods” occurs at the described premises.
- b. Spoilage – Off Premises, for any loss covered under Paragraph 1. of this endorsement, where the loss to “perishable goods” occurs at a premises you do not own, lease or operate.
- c. Spoilage – Expediting Expense, for any costs covered under Paragraph 2. of this endorsement.
- The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.
- However, there is no coverage under this Spoilage Extension Of Coverage to the extent coverage is provided under the Equipment Breakdown Extension of Coverage.
- All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4648 FIRE DEPARTMENT SERVICE CHARGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Paragraph 3. **Fire Department Service Charge** under **SECTION I – EXTENSIONS OF COVERAGE** is replaced by:**3. Fire Department Service Charge**

- a. When the fire department is called to save or protect Covered Property from a Covered Cause Of Loss, the most we will pay for loss in any one occurrence, at the described premises, is the Limit Of Insurance for Fire Department Service Charge shown in the Declarations for your liability for fire department charges:
- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.
- The Covered Property must not be located within the limits of the city, municipality or protection district furnishing such fire department response.
- b. If the fire department service charge is not covered under the terms of Paragraph a., then we will pay for service when a volunteer fire department, which is not fully funded by real estate taxes or other property taxes, is called to save or protect Covered Property from a Covered Cause of Loss. The most we will pay is \$250.

The amount that we pay under this Extension Of Coverage is an additional amount of insurance.

All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4709 MONEY AND SECURITIES**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**The following is added as an Extension of Coverage under **SECTION I — EXTENSIONS OF COVERAGE**.**Money And Securities**

1. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - a. Theft, meaning any act of stealing;
  - b. Disappearance; or
  - c. Destruction.
2. The most we will pay for loss to "money" and "securities" in any one occurrence under this Coverage is:
  - a. The Limit Of Insurance for Money And Securities (On Premises) shown in the Declarations while:
    - (1) In or at the described premises; or
    - (2) Within a bank or savings institution; and
  - b. The Limit Of Insurance for Money And Securities (Off Premises) shown in the Declarations while anywhere else.

The amount we pay under this Extension of Coverage is an additional amount of insurance.

Regardless of the amount of the Basic Deductible, the most we will deduct from any loss under this Extension of Coverage in any one occurrence is the applicable deductible listed for Money And Securities under Special Deductibles shown in the Declarations.

3. We will determine the value of:
  - a. "Money" at its face value; and
  - b. "Securities" at their value at the close of business on the day the loss is discovered.
4. With respect to coverage provided by this endorsement:
  - a. Paragraph 2. of **Property Not Covered** does not apply.
  - b. Paragraphs 1.c. and 1.d. of **Property Subject To Limitations** does not apply.
5. All loss:
  - a. Caused by one or more persons; or
  - b. Involving a single act or series of related acts;
 is considered one occurrence.
6. We will not pay under this Extension Of Coverage for loss consisting of one or more of the following:
  - a. Resulting from accounting or arithmetical errors or omissions;
  - b. Due to the giving or surrendering of property in any exchange or purchase; or
  - c. Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
7. You must keep records of all "money" and "securities" so we can verify the amount of any loss.

All other policy provisions apply.

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Page 1 of 1**FE-8742.2 AMENDATORY ENDORSEMENT (Virginia)**ST-2  
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1. Paragraph 5.a. under Duties In The Event Of Loss does not apply.
2. Paragraph 6. is replaced by the following:

**6. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, the insured or the insurer may apply in writing, for the appointment of an umpire, to the judge of the circuit court of the county or city in which the damaged or destroyed property was located at the time of loss. The appraisers will state separately the value of the property and amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. If you make a written demand for an appraisal of the loss, each party will:

- (1) Pay its own appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

However, if we make written demand for an appraisal of the loss, we will reimburse you for the reasonable cost of your chosen appraiser, and for your portion of the cost of the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

3. **THE FOLLOWING ADDITIONAL PROVISION IS ONLY APPLICABLE TO POLICIES WITH ATTACHING INLAND MARINE CONDITIONS USED WITH CMP-4100:**

Paragraph 19. Premiums is amended as follows:

- a. The last subparagraph of Paragraph c. is replaced by the following:

Our forms then in effect will be provided to you. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

- b. Paragraph d. is replaced by the following:

- d. Undeclared exposures or change in your business operation, acquisition or use of premises may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules in effect on the inception date or last anniversary date of the policy.

All other policy provisions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4706 BACK-UP OF SEWER OR DRAIN**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

1. We will pay for accidental direct physical loss to Covered Property described under **Coverage B – Business Personal Property** directly and immediately caused solely by water or sewage:
  - a. That enters through a sewer or drain located inside the interior of the structure; or
  - b. Which enters into and overflows from within a sump pump, sump pump well, or any other system located inside the interior of the structure, designed to remove subsurface water drained from the foundation area.
2. Coverage provided by this endorsement does not apply if:
  - a. You fail to keep a sump pump or its related equipment in proper working condition;
  - b. You fail to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or
  - c. The loss occurs, or is in progress within the first 5 days of the inception of this endorsement. However, this provision does not apply when the coverage is continued as part of your policy renewal.
3. The most we will pay for loss in any one occurrence, at the described premises, under this endorsement is the Limit Of Insurance for Back-up Of Sewer Or Drain shown in the Declarations.  
The amount that we pay under this endorsement is an additional amount of insurance.
4. With respect to the coverage provided under this endorsement, Paragraph 1.h. Water of **SECTION I — EXCLUSIONS** is replaced by the following:
  - h. **Water**
    - (1) Flood, surface water, waves (including tidal wave, tsunami, and seiche), tides, tidal water, overflow of any body of water, or spray or surge from any of these, all whether driven by wind or not, except as specifically provided in the BACK-UP OF SEWER OR DRAIN endorsement;
    - (2) Mudslide or mudflow;
    - (3) Water or sewage that backs up or overflows from a sewer, drain or sump, except as specifically provided in the BACK-UP OF SEWER OR DRAIN endorsement;
    - (4) Water or sewage under the ground surface pressing on, or flowing or seeping through:
      - (a) Foundations, walls, floors or paved surfaces;
      - (b) Basements, whether paved or not; or
      - (c) Doors, windows or other openings; or
    - (5) Material carried or otherwise moved by any of the Water, as described in Paragraphs (1) through (4) above.

But if Water, as described in Paragraphs (1) through (5), results in accidental direct physical loss by fire, explosion or sprinkler leakage, we will pay for the loss caused by that fire, explosion or sprinkler leakage.
5. The following provisions, if part of your policy, do not apply to loss covered under this endorsement:
  - a. Inflation Coverage and Business Personal Property Limit Seasonal Increase under **SECTION I — LIMITS OF INSURANCE**;
  - b. **SECTION I — EXTENSIONS OF COVERAGE** other than:
    - (1) Debris Removal;
    - (2) Preservation Of Property; and
    - (3) Pollution Clean Up And Removal;
  - c. **LOSS OF INCOME AND EXTRA EXPENSE**; and
  - d. Any endorsement provisions that add coverage for any type of direct, indirect or consequential losses.

All other policy provisions apply.

CMP-4706

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Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4704 DEPENDENT PROPERTY — LOSS OF INCOME**

This endorsement modifies insurance provided under the following:

**LOSS OF INCOME AND EXTRA EXPENSE**

The following coverage is added:

**Dependent Properties**

- a. We will pay for the "Loss Of Income" and any necessary "Extra Expense" you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by an accidental direct physical loss to "dependent property" caused by a Covered Cause Of Loss.

However, coverage under this endorsement does not apply when the only loss to "dependent property" is loss to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss to "electronic data" and other property, coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay in any one occurrence under this endorsement, regardless of the number of described premises, is the Limit Of Insurance for Dependent Property – Loss Of Income shown in the Declarations.

- b. We will reduce the amount payable under this endorsement to the extent you can resume "operations", in whole or in part, by using any other available:
- (1) Source of materials; or
  - (2) Outlet for your products.
- c. With respect to this endorsement the following definitions are added:
- (1) "Dependent property" means property owned by others whom you depend on to:
    - (a) Deliver materials or services to you or to others for your account. But services does not mean water supply services, power supply services, or communication services, including

services relating to internet access or access to any electronic network;

- (b) Accept your products or services;
- (c) Manufacture your products for delivery to your customers under contract for sale; or
- (d) Attract customers to your business.

The "dependent property" must be located in the coverage territory of this policy.

- (2) "Period of restoration", with respect to dependent property, means the period of time that:

- (a) Begins immediately after the time of accidental direct physical loss caused by any Covered Cause Of Loss at the premises of the dependent property; and
- (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

The "period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the "period of restoration".

All other policy provisions apply.

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19/25-2000



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CMP-4703  
Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CMP-4703 UTILITY INTERRUPTION — LOSS OF INCOME**

This endorsement modifies insurance provided under the following:

**LOSS OF INCOME AND EXTRA EXPENSE**

The following coverage is added:

**Utility Interruption**

- a. We will pay for the "Loss Of Income" and any necessary "Extra Expense" you sustain due to the necessary "suspension" of your "operations" during the "period of restoration" at the described premises caused by an interruption in "utility service" to that premises. The interruption in "utility service" must result from an accidental direct physical loss by a "specified cause of loss" to the property described in Paragraph **b.(2)**.

The most we will pay in any one occurrence under this endorsement, regardless of the number of described premises, is the Limit Of Insurance for Utility Interruption – Loss Of Income shown in the Declarations.

- b. With respect to this endorsement the following definitions are added:

**(1) "Period of Restoration" means:**

- (a) The period of time that begins when the "utility service" to the described premises has been interrupted for eight continuous hours; and
- (b) Ends when the interrupted "utility service" has been restored to the described premises for two continuous hours.

**(2) "Utility Service" means:**

- (a) Water supply services, meaning the following types of property supplying water to the described premises:
- i. Pumping stations; and
  - ii. Water mains.
- (b) Communication supply services, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
- i. Communication transmission lines, including optic fiber transmission lines;
  - ii. Coaxial cables; and
  - iii. Microwave relays except satellites.
- (c) Power supply services, meaning the following types of property supplying electricity, steam or gas to the described premises:
- i. Utility generating plants;
  - ii. Switching stations;
  - iii. Substations;
  - iv. Transformers; and
  - v. Transmission lines.

There is no coverage under this endorsement to the extent coverage is provided under the Equipment Breakdown Extension of Coverage of your policy.

All other policy provisions apply.

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96-C6-P556-2 010166

FE-6999.2

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In accordance with the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, this disclosure is part of your policy.

## **FE-6999.2 POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

ST-2  
2025-2000

Coverage for acts of terrorism is not excluded from your current policy. However your policy does contain other exclusions which may be applicable, such as an exclusion for nuclear hazard. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under this policy, any covered losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on

January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

There is no separate premium charged to cover insured losses caused by terrorism. Your insurance policy establishes the coverage that exists for insured losses. This notice does not expand coverage beyond that described in your policy.

THIS IS YOUR NOTIFICATION THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER YOUR POLICY MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT AND MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE YOUR COVERAGE.

FE-6999.2

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CMP-4409  
Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

#### **CMP-4409 PHYSICIANS AND SURGEONS EQUIPMENT**

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This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SECTION I — PROPERTY** is modified as follows:

1. Paragraph **3.b.** under **Property Subject To Limitations** is replaced by the following:
  - b. \$2,500 for jewelry and watches, watch movements, jewels, pearls, precious and semi-precious stones and radium. This limitation does not apply to jewelry and watches worth \$100 or less per item;
2. The following is added to **SECTION I — EXTENSIONS OF COVERAGE**:

##### **Physicians And Surgeons Equipment**

You may extend the insurance that applies to Business Personal Property to apply to accidental direct physical loss, by a Covered Cause Of Loss, to medical, surgical and dental equipment and instruments (including tools, materials, supplies and scientific books) used by the insured in the medical or dental profession, while it is in the course of transit or at another premises you do not own, lease or operate.

There is no coverage under any other Extension Of Coverage to the extent that coverage is provided by this Extension Of Coverage. The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

All other policy provisions apply.

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96-C6-P556-2 010167

CMP-4825  
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



## CMP-4825 BRANDS AND LABELS

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This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added under **SECTION I — EXTENSIONS OF COVERAGE:**

### Brands And Labels

- a. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause Of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you may:
- (1) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
  - (2) Remove the brands or labels, if doing so will not physically damage the merchandise.

You must relabel the merchandise or its containers to comply with the law.

- b. We will pay reasonable costs you incur to perform the activity described in **a.(1)** or **a.(2)** above. But the most we will pay for these costs in any one occurrence under this Extension Of Coverage is the Limit Of Insurance for Brands And Labels shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

All other policy provisions apply.

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96-C6-P556-2 010168

553-3461 VA.3

## Important Information To Policyholders



In the event you need to contact someone about this policy for any reason, please contact your agent. If you have additional questions, you may contact the insurance company issuing this policy at:

**State Farm Insurance Companies**  
**Ravinia Operations Center**  
**3 Ravinia Drive**  
**Atlanta, GA 30346-2118**  
**Phone: (855) 760-9031**

If you have been unable to contact or obtain satisfaction from the company or the agent, you may contact the Virginia Bureau of Insurance at:

**Property and Casualty Division**  
**Bureau of Insurance**  
**Post Office Box 1157**  
**Richmond, VA 23218**  
**In-state toll free number: (800) 552-7945**  
**Out-of-state number: (804) 371-9741**

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company or the Bureau of Insurance, have your policy number available.

553-3461 VA.3 (C)

553-0394 VA.3

## IMPORTANT NOTICE . . .

### Building Ordinance or Law Coverage is Available for Your Policy

If you have not already purchased it, we want to remind you that Building Ordinance or Law Coverage can be added to your policy for an additional premium.

This coverage provides protection when a building damaged by a covered cause of loss must be repaired or rebuilt in a more costly manner because when the building was built it did not comply with today's building codes. Coverage also applies when laws or ordinances require the demolition of damaged buildings, including undamaged portions, prior to rebuilding in compliance with current building codes.

If you are a renter or owner of a condominium unit, this coverage would apply to those portions of the building for which you are responsible, such as structural improvements or changes, or condominium loss assessments.

Please contact your State Farm® agent if you would like to add this additional coverage, or if you have any questions concerning your insurance needs.

553-0394 VA.3 (C)

(CONTINUED)

96-C6-P556-2 010168

553-3197.1

## Important Notice About Your Policy Declarations

Thank you for choosing State Farm® to provide your insurance.

Your Declarations, Coverage Form booklet and applicable endorsements are enclosed. PLEASE REVIEW YOUR COVERAGE SELECTIONS CAREFULLY. If you have any questions concerning the coverage listed on your Declarations, or you believe any information is incorrect, please contact your State Farm agent right away.

By payment of the applicable premium and acceptance of this coverage, you agree to the terms and conditions of the policy and acknowledge that the Declarations accurately represents your choices of the type and amounts of coverage desired.

Your new Declarations replaces any insurance binder you may have received. You should keep any insurance binder, the Declarations, Coverage Form booklet and applicable endorsements with your important papers.

Again, thank you for choosing State Farm.

*This message is only a general description of coverage and/or coverage changes and is not a statement of contract. All coverages are subject to all policy provisions and applicable endorsements.*

553-3197.1 (C)

553-3656 VA.1

## IMPORTANT NOTICE ABOUT YOUR POLICY

### No Coverage For Earthquake Damage

Earthquake coverage is excluded unless purchased by endorsement.

In order to be covered for a loss caused by Earthquake, if you haven't done so already, you will need to purchase an Earthquake and Volcanic Explosion (Eruption) endorsement for an additional premium.

If you haven't done so already, please contact your State Farm® agent if you are interested in purchasing this coverage or if you have any questions about the information in this Notice.

*This message is provided for informational purposes only, and does not change, modify or invalidate any of the provisions, terms or conditions of your policy and applicable endorsements.*

553-3656 VA.1 (C)

(CONTINUED)

96-C6-P556-2 010169

553-1405 VA.5

## Important Information Regarding Your Policy



### Flood Coverage Is Excluded

Please note that this Virginia property insurance policy excludes coverage for damage due to flood, surface water, waves, tidal water, or any other overflow of a body of water. Information regarding flood insurance is available from State Farm®, your State Farm agent, or the National Flood Insurance Program. Contents coverage may be available with the flood policy for an additional premium.

553-1405 VA.5 (C)

ST-2  
2325-2000

96-C6-P556-2 010169

96-C6-P556-2 010170

CMP-4788  
Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### **CMP-4788 ADDITIONAL INSURED — MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:  
BUSINESSOWNERS COVERAGE FORM

#### **SCHEDULE**

**Policy Number:** 96-C6-P556-2

**Named Insured:**

LADIES SPA INC  
665 NEWTOWN RD STE 114  
VIRGINIA BCH VA 23462-1683

**Name And Address Of Additional Insured Person Or Organization:**

649-665 NEWTOWN BAKER SHOPPING  
CENTER LLC  
665 NEWTOWN RD  
VIRGINIA BCH VA 23462-1683

**Location Of Premises (Part Leased To You):**

665 NEWTOWN RD STE 114 VIRGINIA BCH VA 234621683

1. **SECTION II — WHO IS AN INSURED** of **SECTION II — LIABILITY** is amended to include, as an additional insured, any person or organization shown in the Schedule, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule.
2. With respect to the insurance afforded the additional insured, this insurance does not apply to:
  - a. Any "occurrence" or offense which takes place after you cease to be a tenant in the premises shown in the Schedule.
  - b. Structural alterations, new construction or demolition operations performed by or for that additional insured.
3. Any insurance provided to the additional insured shall only apply with respect to a claim made or a "suit" brought for damages for which you are provided coverage.
4. **Primary Insurance.** The insurance afforded the additional insured shall be primary insurance. Any insurance carried by the additional insured shall be noncontributory with respect to coverage provided by you.

All other policy provisions apply.

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24/25-2000



96-C6-P556-2 010170



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State Farm®  
**Businessowners  
Coverage Form**

CMP-4100

**BUSINESSOWNERS COVERAGE FORM  
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AGREEMENT: We agree to provide the insurance described in this policy. You agree to pay premiums when due and comply with the provisions of this policy.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance, as shown in the Declarations. Declarations include the policy Declarations or Renewal Declarations and any amendments thereto.

In **SECTION II — LIABILITY**, the word "insured" means any person or organization qualifying as such under **SECTION II — WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION I — DEFINITIONS** and **SECTION II — DEFINITIONS**. Definitions apply to the singular, plural, and possessive forms of these words and phrases.

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## SECTION I — PROPERTY

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When a Limit Of Insurance is shown in the Declarations for that type of property as described under **Coverage A — Buildings**, **Coverage B — Business Personal Property**, or both, we will pay for accidental direct physical loss to that Covered Property at the premises described in the Declarations caused by any loss as described under **SECTION I — COVERED CAUSES OF LOSS**.

Covered Property includes property as described under **Coverage A — Buildings**, property as described under **Coverage B — Business Personal Property**, or both.

Regardless of whether coverage is shown in the Declarations for **Coverage A — Buildings**, **Coverage B — Business Personal Property**, or both, there is no coverage for property described under **Property Not Covered**.

### **Coverage A — Buildings**

Buildings, meaning the buildings and structures at the described premises, including:

1. Completed additions;
2. Fixtures, including outdoor fixtures;
3. Permanently installed:
  - a. Machinery; and
  - b. Equipment;
4. Your personal property in apartments, rooms or common areas furnished by you as landlord;
5. Personal property owned by you that is used to maintain or service the buildings or structures or the described premises, including:
  - a. Fire extinguishing equipment;
  - b. Outdoor furniture;
  - c. Floor coverings; and
  - d. Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and
6. If not covered by other insurance:
  - a. Additions under construction, alterations and repairs to the buildings or structures; and

- b. Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

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### **Coverage B — Business Personal Property**

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Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:

1. Property, used in your business, that you own, lease from others or rent from others, or that is loaned to you;
2. Property of others that is in your care, custody or control, unless provided for in item 1. immediately above;
3. Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - a. Made a part of the building or structure you occupy but do not own; and
  - b. You acquired or made at your expense but cannot legally remove;
4. Building glass, if you are a tenant and no Limit Of Insurance is shown in the Declarations for **Coverage A — Buildings**. The glass must be owned by you or in your care, custody or control; and
5. Property as described in **Coverage A — Buildings**, if you are a tenant and no Limit Of Insurance is shown in the Declarations for **Coverage A — Buildings**. The property must:
  - a. Pertain to the described premises occupied but not owned by you; and
  - b. Be your insurance responsibility according to the terms of your lease or rental agreement.

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### **Property Not Covered**

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Covered Property does not include:

1. Aircraft, automobiles, motor trucks or other vehicles subject to motor vehicle registration;
2. "Money" or "securities";

3. Contraband or property in the course of illegal transportation, commerce or trade;
4. Land (including land necessary to support any covered building or structure).

With respect to land the following are also not covered:

- a. Any cost required to replace, rebuild, excavate, grade, backfill, fill, stabilize or otherwise restore the land; or
  - b. The cost of repair techniques designed to compensate for or prevent land instability to any building or structure;
5. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, outdoor signs (whether or not attached to buildings), and outdoor trees, shrubs, plants or lawns (other than trees, shrubs, plants or lawns while held as "stock"), all except as provided in the:
    - a. Outdoor Property Extensions Of Coverage; or
    - b. Signs Extensions Of Coverage;
  6. Watercraft (including motors, equipment and accessories) while afloat;
  7. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this coverage form;
  8. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, automobile, watercraft, motor truck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";
  9. "Electronic Data". This paragraph does not apply to your "stock" of prepackaged software; or
  10. Natural water or growing crops.

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#### **Property Subject To Limitations**

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1. We will not pay for loss to:
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by any condition or event inside such equipment. But we will pay for loss to such equipment caused by an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment, air conditioning units or refrigerating units caused by any condition or event inside such boilers or equipment, other than an explosion.
  - c. Property that is missing, where the only evidence of the loss is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
  - d. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

- e. The interior of any building or structure, or the property inside any building or structure, caused by rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (1) The building or structure first sustains damage by a Covered Cause Of Loss to its roof, outside walls, or outside building glass through which the rain, snow, sleet, ice, sand or dust enters; or
  - (2) The loss is caused by thawing of snow, sleet or ice on the building or structure.

- f. Bridges, roadways, driveways, walks, patios or other paved surfaces, outdoor swimming pools and related equipment, retaining walls, bulkheads, pilings, piers, wharves, docks and underground pipes, flues or drains caused by:
  - (1) Freezing or thawing;
  - (2) Impact of watercraft; or
  - (3) The pressure or weight of ice, water, or snow whether driven by wind or not.

2. We will not pay for loss to fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken, unless caused by any of the "specified causes of loss" or by building glass breakage. This restriction does not apply to:
  - a. Glass that is part of the exterior or interior of a building or structure;
  - b. Containers of property held for sale; or
  - c. Photographic or scientific instrument lenses.

3. For loss by theft, the following types of property are covered only up to the limits shown:
  - a. \$2,500 for furs, fur garments and garments trimmed with fur.
  - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
  - c. \$2,500 for patterns, dies, molds and forms.

4. Animals are covered only if:
  - a. Owned by others and in your care, custody or control; or
  - b. Held as "stock" and only while inside of buildings.

We will pay only if the animals are killed, stolen, or their destruction is made necessary by any of the "specified causes of loss" or by building glass breakage.

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#### **SECTION I — COVERED CAUSES OF LOSS**

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We insure for accidental direct physical loss to Covered Property unless the loss is:

1. Excluded in **SECTION I — EXCLUSIONS**; or
2. Limited in the **Property Subject To Limitations** provision.

**SECTION I — EXCLUSIONS**

1. We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the cause of the excluded event; or (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

**a. Ordinance Or Law**

- (1) The enforcement of any ordinance or law:
- (a) Regulating the construction, use or repair of any property; or
  - (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
- (a) An ordinance or law that is enforced even if the property has not been damaged; or
  - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following an accidental direct physical loss to that property.

**b. Earth Movement**

- (1) Earthquake, whether combined with water or not, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, whether combined with water or not, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, whether combined with water or not, meaning subsidence of a man-made mine, whether or not mining activity has ceased; or
- (4) Earth sinking (other than "sinkhole collapse"), rising or shifting, whether combined with water or not, including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, the action of water or any other natural forces; or improper compaction, site selection, excavation, retention, stabilization or any other external forces.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss caused by that fire or explosion.

**c. Volcanic Eruption**

Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire,

building glass breakage or "volcanic action", we will pay for the loss caused by that fire, building glass breakage or "volcanic action".

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

**d. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this coverage form.

**e. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination.

Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss caused by that fire.

**f. Power Failure**

The failure of power or other utility service supplied to the described premises, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause Of Loss, we will pay for the loss caused by that Covered Cause Of Loss.

**g. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**h. Water**

- (1) Flood, surface water, waves (including tidal waves, tsunami, and seiche), tides, tidal water, overflow of any body of water, or spray or surge from any of these, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water or sewage that backs up or overflows from a sewer, drain or sump;
- (4) Water or sewage under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings; or



- (5) Material carried or otherwise moved by any of the Water, as described in Paragraphs (1) through (4) above.

But if Water, as described in Paragraphs (1) through (5), results in accidental direct physical loss by fire, explosion or sprinkler leakage, we will pay for the loss caused by that fire, explosion or sprinkler leakage.

**i. Certain Computer-Related Losses**

- (1) The failure, malfunction or inadequacy of:

- (a) Any of the following, whether belonging to any insured or to others:
- i. "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this coverage form;
  - ii. "Computer" application software or other "electronic data" as may be described elsewhere in this coverage form;
  - iii. "Computer" operating systems and related software;
  - iv. "Computer" networks;
  - v. Microprocessors ("computer" chips) not part of any "computer" system; or
  - vi. Any other computerized or electronic equipment or components; or

- (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times.

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.

But, if excluded loss, as described in Paragraph (1) above results in any of the "specified causes of loss" under **SECTION I — PROPERTY**, we will pay only for the loss caused by such "specified causes of loss".

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features.

**j. Fungi, Virus Or Bacteria**

- (1) Growth, proliferation, spread or presence of "fungi" or wet or dry rot; or
- (2) Virus, bacteria or other microorganism that induces or is capable of inducing physical distress, illness or disease; and

- (3) We will also not pay for:

- (a) Any loss of use or delay in rebuilding, repairing or replacing covered property, including any associated cost or expense, due to interference at the described premises or location of the rebuilding, repair or replacement of that property, by "fungi", wet or dry rot, virus, bacteria or other microorganism;
- (b) Any remediation of "fungi", wet or dry rot, virus, bacteria or other microorganism, including the cost or expense to:
- i. Remove the "fungi", wet or dry rot, virus, bacteria or other microorganism from Covered Property or to repair, restore or replace that property;
  - ii. Tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet or dry rot, virus, bacteria or other microorganism; or
  - iii. Contain, treat, detoxify, neutralize or dispose of or in any way respond to or assess the effects of the "fungi", wet or dry rot, virus, bacteria or other microorganism; or
- (c) The cost of any testing or monitoring of air or property to confirm the type, absence, presence or level of "fungi", wet or dry rot, virus, bacteria or other microorganism, whether performed prior to, during or after removal, repair, restoration or replacement of Covered Property.

This exclusion does not apply if "fungi", wet or dry rot, virus, bacteria or other microorganism results from an accidental direct physical loss caused by fire or lightning.

2. We do not insure under any coverage for loss whether consisting of, or directly and immediately caused by, one or more of the following:

**a. Electrical Apparatus**

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in accidental direct physical loss by fire, we will pay for the loss caused by fire.

**b. Consequential Losses**

Delay, loss of use or loss of market.

**c. Smoke, Vapor, Gas**

Smoke, vapor or gas from agricultural smudging or industrial operations.

**d. Steam Apparatus**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in accidental direct physical loss by fire or combustion explosion, we will pay for the loss caused by that fire or combustion explosion.

We will also pay for loss caused by the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**e. Frozen Plumbing**

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the water supply if the heat is not maintained.

**f. Dishonesty**

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

**g. False Pretense**

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**h. Exposed Property**

Rain, snow, ice or sleet to personal property in the open.

**i. Collapse**

Collapse, except as provided under **SECTION I — EXTENSIONS OF COVERAGE**. But if collapse results in a Covered Cause Of Loss, we will pay for the loss caused by that Covered Cause Of Loss.

**j. Pollution**

We will not pay for loss caused by the presence, discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the presence, discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified

causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in an accidental direct physical loss by any of the "specified causes of loss", we will pay for the loss caused by that "specified cause of loss".

**k. Neglect**

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**l. Other Types Of Loss**

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force; or
- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching.

But if an excluded cause of loss that is listed in Paragraphs (1) through (7) above results in an accidental direct physical loss by any of the "specified causes of loss" or by building glass breakage, we will pay for the loss caused by that "specified cause of loss" or by building glass breakage.

**m. Errors Or Omissions**

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic data" or in any "computer" operations; or
- (2) Processing or copying "valuable papers and records".

But if accidental direct physical loss results from fire or explosion, we will pay for that resulting loss unless the resulting loss is itself one of the losses not insured in **SECTION I** of this coverage form.

**n. Installation, Testing, Repair**

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic data".

But if accidental direct physical loss results from fire or explosion, we will pay for that resulting loss unless the resulting loss is itself one of the losses not insured in **SECTION I** of this coverage form.

**o. Electrical Disturbance**

Electrical or magnetic injury, disturbance or erasure of "electronic data". However, we will pay for accidental direct loss caused by lightning.

**p. Continuous Or Repeated Seepage, Discharge Or Leakage Of Water**

Continuous or repeated seepage, discharge or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

3. We do not insure under any coverage for any loss consisting of one or more of the items below. Further, we do not insure for loss described in Paragraphs 1. and 2. immediately above regardless of whether one or more of the following: (a) directly or indirectly cause, contribute to or aggravate the loss; or (b) occur before, at the same time, or after the loss or any other cause of the loss:

**a. Weather Conditions**

Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. and 2. above to produce the loss.

**b. Acts Or Decisions**

Conduct, acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body whether intentional, wrongful, negligent or without fault.

**c. Work**

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property (including land, structures or improvement of any kind) on or off the described premises.

But if accidental direct physical loss results from items 3.a., 3.b., or 3.c., we will pay for that resulting loss unless the resulting loss is itself one of the losses not insured in **SECTION I** of this coverage form.

**4. Additional Exclusion**

The following applies only to the property specified in this Additional Exclusion.

**Loss To Products**

We will not pay for loss to any merchandise, goods or other product consisting of, caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the

product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause Of Loss, we will pay for the loss caused by that Covered Cause Of Loss.

**SECTION I — EXTENSIONS OF COVERAGE**

Subject to the terms and conditions applicable to **SECTION I** of this coverage form, the following Extensions Of Coverage apply separately to each premises described in the Declarations. But the amount of insurance provided on any one described premises will not be more than the Limit Of Insurance specified in each Extension Of Coverage if a limit is included in the extension.

**1. Debris Removal**

- a. Subject to Paragraphs c. and d., we will pay your expense to remove debris of Covered Property caused by a Covered Cause Of Loss that occurs during the policy period.

If a covered building or structure is damaged by one or more broken or fallen trees, in any one occurrence, we will pay up to \$500 for the removal of tree debris from each described premises.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of accidental direct physical loss.

- b. Debris Removal does not apply to costs to:

- (1) Extract "pollutants" from land or water; or
- (2) Remove, restore or replace polluted land or water.

- c. Subject to the exceptions in Paragraph d. the following provisions apply:

- (1) The most that we will pay for the total of accidental direct physical loss plus debris removal expense is the Limit Of Insurance applicable to the Covered Property that has sustained loss.
- (2) Subject to Paragraph (1) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for accidental direct physical loss to the Covered Property that has sustained loss.

- d. We will pay up to an additional \$10,000 for debris removal expense, for each described premises, in any one occurrence of accidental direct physical loss to Covered Property, if one or both of the following circumstances apply:

- (1) The total of the actual debris removal expense plus the amount we pay for accidental direct physical loss exceeds the Limit Of Insurance on the Covered Property that has sustained loss.
- (2) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for accidental direct physical loss to the Covered Property that has sustained loss.

Therefore, if Paragraphs **d.(1)** and/or **d.(2)** apply, our total payment for accidental direct physical loss and debris removal expense may reach but will never exceed the Limit Of Insurance on the Covered Property that has sustained loss, plus \$10,000.

## 2. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss by a Covered Cause Of Loss, we will pay for any accidental direct physical loss to that property:

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if the loss occurs within 30 days after the property is first moved.

The amount we pay under this Extension of Coverage will not increase the applicable Limit Of Insurance.

## 3. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause Of Loss, the most we will pay for loss in any one occurrence, at the described premises, is the Limit Of Insurance for Fire Department Service Charge shown in the Declarations for your liability for fire department charges:

- a. Assumed by contract or agreement prior to loss; or
- b. Required by local ordinance.

The amount that we pay under this Extension Of Coverage is an additional amount of insurance.

## 4. Collapse

- a. With respect to buildings:

- (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
- (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
- (3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building; and
- (4) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- b. We will pay for accidental direct physical loss to Covered Property, caused by collapse of a building or any part of a building that is insured under this coverage form or that contains Covered Property insured under this coverage form, if the collapse is caused by one or more of the following:

- (1) Any of the "specified causes of loss" or by breakage of building glass, all only as insured against in this coverage form;

- (2) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- (3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof; or
- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in Paragraphs (1) through (5), we will pay for the loss even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in Paragraphs **a.(1)** through **a.(4)** do not limit the coverage otherwise provided under this Extension Of Coverage for the causes of loss listed in Paragraphs **b.(1)**, **b.(4)**, and **b.(5)**.

- c. With respect to the following property:

- (1) Awnings;
- (2) Gutters and downspouts;
- (3) Yard fixtures;
- (4) Outdoor swimming pools;
- (5) Piers, wharves and docks;
- (6) Beach or diving platforms or appurtenances;
- (7) Retaining walls; and
- (8) Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in Paragraphs **b.(2)** through **b.(6)**, we will pay for loss to that property only if such loss is a direct result of the collapse of a building insured under this coverage form and the property is Covered Property under this coverage form.

- d. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss to Covered Property caused by such collapse of personal property only if:

- (1) The collapse of personal property was caused by a cause of loss listed in Paragraphs **b.(1)** through **b.(6)** of this Extension Of Coverage;
- (2) The personal property which collapses is inside a building; and
- (3) The property which collapses is not of a kind listed in Paragraph **c.** above, regardless of whether that kind of property is considered to be personal property or real property.



The coverage stated in this Paragraph **d.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- e. The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

#### **5. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss caused by covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the covered building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

#### **6. Pollutant Clean Up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by a Covered Cause Of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause Of Loss occurs.

This Extension Of Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay for each described premises under this Extension Of Coverage is the Limit Of Insurance for Pollutant Clean Up And Removal shown in the Declarations. This limit is for the sum of all such expenses arising out of Covered Causes Of Loss occurring during each separate 12 month period of this policy.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

#### **7. Money Orders And Counterfeit Money**

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or

- b. "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss in any one occurrence is the Limit Of Insurance for Money Orders And "Counterfeit Money" shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

#### **8. Forgery Or Alteration**

- a. We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.

- b. If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

- c. For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act, and will be treated the same as the original it replaced.

- d. The most we will pay for any loss, including legal expenses, in any one occurrence is the Limit Of Insurance for Forgery Or Alteration shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

#### **9. Increased Cost Of Construction And Demolition Cost**

- a. This Extension Of Coverage applies only to buildings insured on a replacement cost basis.

- b. In the event of damage by a Covered Cause Of Loss to a building that is Covered Property, we will pay the:

(1) Increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property; and

(2) Cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property;

subject to the limitations stated in Paragraphs **c.** through **i.** of this Extension Of Coverage.

- c. The ordinance or law referred to in this Extension Of Coverage is an ordinance or law that is in force at the time of loss and regulates the demolition, repair, rebuilding, or replacement of buildings or establishes zoning or land use requirements at the described premises, and is in force at:

- (1) The described premises; or
- (2) Another premises, if such ordinance or law requires relocation.
- d. Under this Extension Of Coverage, we will not pay any costs due to an ordinance or law that:
  - (1) You were required to comply with before the loss, even when the building was undamaged; and
  - (2) You failed to comply with.
- e. Under this Extension Of Coverage, we will not pay for:
  - (1) The enforcement of any ordinance or law which requires demolition, repair, rebuilding, replacement, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, virus, bacteria or other microorganisms; or
  - (2) Any costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet or dry rot, virus, bacteria or other microorganisms.
- f. The most we will pay under this Extension Of Coverage, for each described premises insured under **SECTION I — PROPERTY**, is the lesser of:

- (1) The amount you actually spend:
  - (a) For the increased cost to repair, rebuild or replace the building at the described or another premises in the same general vicinity if relocation is required by ordinance or law, but not more than a building of the same height, floor area, and style on the same or similar premises as the damaged building; and
  - (b) To demolish and clear the site of the undamaged parts of the building at the described premises caused by enforcement of any ordinance or law; or
- (2) The percentage for Increased Cost of Construction and Demolition Cost applied to the Limit Of Insurance applicable to that damaged building as shown in the Declarations.

If a damaged building is covered under a blanket Limit Of Insurance which applies to more than one building, then the most we will pay under this Extension Of Coverage is the amount determined by applying the percentage as shown in the Declarations to the risk amount shown in our records as of the most recent Declarations applicable to that damaged building.

The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

- g. With respect to this Extension Of Coverage:

- (1) We will not pay for the:

- (a) Increased Cost Of Construction:

- i. Until the property is actually repaired, rebuilt or replaced, at the described or another premises; and
- ii. Unless the repairs, rebuilding or replacement are made as soon as reasonably possible after the loss, not to exceed two years. We may extend this period in writing during the two years.

- (b) Loss of value for the undamaged portion of the building caused by enforcement of any ordinance or law.

- (2) If the building is repaired, rebuilt or replaced at the described premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost Of Construction is the increased cost of construction at the described premises.

- (3) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost Of Construction is the increased cost of construction at the new premises.

- h. This Extension Of Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Extension Of Coverage.

- i. The amount payable under this Extension Of Coverage, as stated in Paragraph f. of this Extension Of Coverage, is not subject to Paragraph e.(4)(a)iv. under Loss Payment of **SECTION I — CONDITIONS**.

#### 10. Glass Expenses

If Covered Property is damaged by a Covered Cause Of Loss we will pay for expenses incurred to:

- a. Put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. Remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

#### 11. Fire Extinguisher Systems Recharge Expense

- a. We will pay:

- (1) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
- (2) For loss to Covered Property if such loss is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

- b. No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- c. The most we will pay for loss in any one occurrence is the Limit Of Insurance for Fire Extinguisher Systems Recharge Expense shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

## 12. Newly Acquired Or Constructed Property

### a. Buildings

If this coverage form covers Buildings, you may extend that insurance to apply to:

- (1) Your new buildings while being built on the described premises; and
- (2) Buildings you acquire not at the described premises, intended for:
  - (a) Similar use as the building at the described premises; or
  - (b) Use as a warehouse.

The most we will pay for loss under this Extension Of Coverage at each building, is the Limit Of Insurance for Newly Acquired Or Constructed Buildings shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

### b. Business Personal Property

If this coverage form covers Business Personal Property, you may extend that insurance to apply to Business Personal Property:

- (1) Including such property that you newly acquire, at any premises you acquire; or
- (2) Including such property that you newly acquire, located at your newly constructed or acquired buildings at the described premises.

This Extension Of Coverage does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

The most we will pay for loss under this Extension Of Coverage at each building, is the Limit Of Insurance for Newly Acquired Business Personal Property shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

### c. Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (1) This policy expires;
- (2) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

## 13. Personal Property Off Premises

You may extend the insurance provided by this coverage form to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at another premises. The most we will pay for loss in any one occurrence under this Extension Of Coverage is the Limit Of Insurance for Personal Property Off Premises shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

If the Covered Property is located at another premises you own, lease, operate, or regularly use, the insurance provided under this extension applies only if the loss occurs within 90 days after the property is first moved.

The Other Insurance Condition contained in **SECTION I AND SECTION II — COMMON POLICY CONDITIONS** does not apply to this Extension Of Coverage. The insurance provided under this Extension Of Coverage is primary and does not contribute with any other insurance.

## 14. Outdoor Property

You may extend the insurance provided by this coverage form to apply to your outdoor radio and television antennas (including satellite dishes), trees, shrubs, plants and lawns (other than trees, shrubs, plants or lawns held as "stock"). The loss must be caused by any of the following causes of loss:

- a. Fire;
- b. Lightning;
- c. Explosion;
- d. Riot or civil commotion;
- e. Aircraft or vehicles;
- f. Vandalism; or
- g. Theft.

The most we will pay for loss in any one occurrence, at the described premises, under this Extension Of Coverage is the Limit Of Insurance for Outdoor Property shown in the Declarations. But we will not pay more than \$1,000 for any one tree, shrub or plant.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

## 15. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your employees, your partners or members (if you are a partnership or joint venture), your "managers" or "members" (if you are a limited liability company), or your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company). This extension does not apply to:

- a. Tools or equipment used in your business; or
- b. Loss by theft.

The most we will pay for loss in any one occurrence, at the described premises, under this Extension Of Coverage is the Limit Of Insurance for Personal Effects shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

#### 16. Valuable Papers And Records

- a. You may extend the insurance provided by this coverage form to apply to "valuable papers and records" that you own, or that are in your care, custody or control caused by a Covered Cause Of Loss. This Extension Of Coverage includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.
- b. This Extension Of Coverage does not apply to:
  - (1) Property held as samples or for delivery after sale; and
  - (2) Property in storage away from the described premises.
- c. The most we will pay for loss to "valuable papers and records" in any one occurrence, at the described premises, under this Extension Of Coverage is the Limit Of Insurance for Valuable Papers And Records (On Premises) shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay for loss in any one occurrence under this Extension of Coverage is the Limit Of Insurance for Valuable Papers And Records (Off Premises) shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

- d. Loss to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

#### 17. Accounts Receivable

- a. You may extend the insurance provided by this coverage form to apply to accounts receivable. We will pay:
  - (1) All amounts due from your customers that you are unable to collect;
  - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
  - (3) Collection expenses in excess of your normal collection expenses that are made necessary by loss; and
  - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from loss by any Covered Cause Of Loss to your records of accounts receivable.

- b. The most we will pay for loss in any one occurrence, at the described premises, under this Extension Of Coverage is the Limit Of Insurance for Accounts Receivable (On Premises) shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay for loss in any one occurrence under this Extension Of Coverage is the Limit Of Insurance for Accounts Receivable (Off Premises) shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

- c. The following exclusion applies to the Accounts Receivable Extension Of Coverage:

We will not pay for:

- (1) Loss caused by alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- (2) Loss caused by bookkeeping, accounting or billing errors or omissions.
- (3) Any loss that requires any audit of records or any inventory computation to prove its factual existence.

#### 18. Signs

You may extend the insurance provided by this coverage form to apply to signs attached to buildings (whether indoor or outdoor) at the described premises and to outdoor signs not attached to buildings at the described premises which are owned by you, or owned by others but are in your care, custody or control.

The most we will pay for loss in any one occurrence under this Extension Of Coverage is the Limit Of Insurance for Signs shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

#### 19. Arson Reward

We will pay a reward for information which leads to an arson conviction in connection with a fire loss covered under this coverage form.

Regardless of the number of persons involved in providing information, the most we will pay for loss in any one occurrence under this Extension Of Coverage is the Limit Of Insurance for Arson Reward shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.



**20. Damage To Non-Owned Buildings From Theft, Burglary Or Robbery**

You may extend the insurance that applies to Business Personal Property to apply to a building or part of a building, including equipment pertaining to the service of the building, occupied but not owned by you caused by actual or attempted theft, burglary or robbery.

This Extension Of Coverage does not apply to:

- a. Glass, other than glass building blocks;
- b. Any lettering or ornamentation; or
- c. Building property or equipment removed from the described premises.

The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

**21. Property Of Others**

You may extend the insurance that applies to Business Personal Property to apply to personal property of others in your care, custody or control only while the personal property is located at the described premises. The most we will pay for loss in any one occurrence under this Extension Of Coverage is the Limit Of Insurance for Property Of Others shown in the Declarations.

The amount we pay under this Extension Of Coverage is an additional amount of insurance.

This Extension Of Coverage does not apply to:

- a. Personal effects owned by you, your employees, your partners or members (if you are a partnership or joint venture), your "managers" or "members" (if you are a limited liability company), or your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company); or
- b. Personal property of others that must be restored, repaired or replaced because your work was incorrectly performed on it.

The Other Insurance Condition contained in **SECTION I AND SECTION II — COMMON POLICY CONDITIONS** does not apply to this Extension Of Coverage. The insurance provided under this Extension Of Coverage is primary and does not contribute with any other insurance. We will decide if our payment for loss under this extension will be made to you or to the owner of the property.

**22. Equipment Breakdown**

- a. You may extend the insurance provided by this coverage form to apply for direct physical loss to Covered Property caused by an "accident" to "covered equipment". The most we will pay for each covered loss under this Extension Of Coverage is the Limit Of Insurance that applies to the Covered Property, unless a specific limit is stated in the Additional Coverages below.

The amount we pay under this Extension Of Coverage, or any Additional Coverage described below, will not increase the applicable Limit Of Insurance.

**b. Equipment Breakdown Additional Coverage**

- (1) **Expediting Expenses.** We will pay up to \$100,000 for the reasonable extra cost to:

- (a) Make temporary repairs to; and
- (b) Expedite permanent repairs or permanent replacement of;

Covered Property damaged by an "accident" to "covered equipment".

The amount we pay under this Expediting Expenses Additional Coverage will not increase the applicable Limit Of Insurance.

- (2) **Drying Out Expenses.** We will pay, up to the applicable Limit Of Insurance for **Coverage A — Buildings** or **Coverage B — Business Personal Property**, whichever applies, the direct expenses of drying out wetness in electrical "covered equipment" caused by one of the items listed in Paragraph 1.h. under **SECTION I — EXCLUSIONS**.

The amount we pay under this Drying Out Expenses Additional Coverage will not increase the applicable Limit Of Insurance.

The water damage exclusions found in Paragraph 1.h. under **SECTION I — EXCLUSIONS** do not apply to this Drying Out Expenses Additional Coverage.

- (3) **Spoilage.** We will pay up to \$100,000 for physical loss to "perishable goods" at the described premises due to:

- (a) Spoilage;
- (b) Contamination from the release of refrigerant, including but not limited to ammonia; or
- (c) Any necessary expenses you incur to reduce the amount of loss under this Spoilage Additional Coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Spoilage Additional Coverage.

Such loss to "perishable goods" must be directly caused by an "accident" to "covered equipment".

The amount we pay under this Spoilage Additional Coverage will not increase the applicable Limit Of Insurance.

**(4) Service Interruption**

- (a) If Loss Of Income And Extra Expense endorsement is shown in the Declarations, you may extend that insurance to apply to an "accident" to "utility service equipment".
- (b) You may extend the insurance provided in the Spoilage Additional Coverage above to apply to your loss, damage or expense caused by an "accident" to "utility service equipment".

- (c) The coverage provided by this Service Interruption Additional Coverage will not apply unless the failure or disruption of service exceeds 24 hours in length, immediately following the “accident”. However, once this waiting period is met, coverage will begin at the initial time of the failure or disruption of service.

The amount we pay under this Service Interruption Additional Coverage will not increase the applicable Limit Of Insurance.

- (5) **Data Restoration.** We will pay up to \$100,000 for the reasonable and necessary cost to research, replace or restore “electronic data” which has been destroyed or corrupted by an “accident” to “covered equipment”. To the extent that “electronic data” is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the “electronic data” was stored, with blank media of substantially identical type.

If Loss Of Income And Extra Expense endorsement is shown in the Declarations, you may extend that insurance to apply to an “accident” to “covered equipment” caused by an interruption of computer operations due to destruction or corruption of “electronic data”. The amount we pay will be subject to the same \$100,000 limit of insurance.

The amount we pay under this Data Restoration Additional Coverage will not increase the applicable Limit Of Insurance.

- c. **Hazardous Substances Limitation.** The most we will pay for the increased cost to repair or replace Covered Property and the increased cost to clean up or dispose of such property caused by “hazardous substance” contamination resulting from an “accident” to “covered equipment” is \$100,000. This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in Paragraph 22.b.(3)(b) above. For the purposes of this limitation, increased cost means costs beyond what would have been required had no “hazardous substance” been involved.

If Loss Of Income And Extra Expense endorsement is shown in the Declarations, any increased loss under such coverage caused by “hazardous substance” contamination to Covered Property resulting from an “accident” to “covered equipment” will be subject to and included in the same \$100,000 Limit Of Insurance. For the purposes of this limitation, increased loss means any loss or expense covered under Loss Of Income coverage beyond what would have been sustained or incurred had no “hazardous substance” been involved.

The amount we pay under this Hazardous Substance Limitation will not increase the applicable Limit Of Insurance.

- d. **One Loss.** If an initial “accident” causes other “accidents”, all will be considered one loss. All “accidents” that are the result of the same event will be considered one loss.

- e. To the extent of any coverage provided under this Extension Of Coverage:

- (1) Paragraph 9. under **Property Not Covered** is deleted.

- (2) Paragraphs 1.a. and 1.b. under **Property Subject To Limitations** are deleted.

- (3) Paragraph 1.f. of **SECTION I — EXCLUSIONS** is replaced by the following:

- f. The failure of power or other utility service supplied to the described premises, if the failure occurs away from the described premises, except as provided in the Extensions of Coverage - Equipment Breakdown.

Failure includes lack of sufficient capacity and reduction in supply.

- (4) Paragraphs 2.a. and 2.d. of **SECTION I — EXCLUSIONS** are deleted.

- (5) Paragraph 2.I. of **SECTION I — EXCLUSIONS** is replaced by the following:

**I. Other Types Of Loss**

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere, except as provided in the Equipment Breakdown Extension Of Coverage;
  - (b) Changes in or extremes of temperature, except as provided in the Equipment Breakdown Extension Of Coverage; or
  - (c) Marring or scratching.

But if an excluded cause of loss that is listed in Paragraphs (1) through (6) above results in direct physical loss to Covered Property by an “accident” to “covered equipment” we will pay for that resulting loss.

f. We will not pay under this Extension Of Coverage for loss caused by:

- (1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
- (2) An insulation breakdown test of any type of electrical equipment.

g. If Loss Of Income And Extra Expense endorsement is shown in the Declarations, we will not pay for delay in resuming operations due to the need to reconstruct or re-input data or programs on electronic media and records, except as provided in this Equipment Breakdown Extension Of Coverage.

h. With respect to Service Interruption Additional Coverage above, we will not pay for an "accident" caused by: fire; lightning; windstorm or hail; explosion (except as specifically provided in Paragraph 1.c. of **SECTION I — DEFINITIONS**); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.

i. **Additional Conditions**

(1) **Suspension.** When any "covered equipment" is found to be in or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss to any property from an "accident" to that "covered equipment". We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

(2) **Jurisdictional Inspections.** If any property that is "covered equipment" under this Extension Of Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

(3) **Environmental, Safety And Efficiency Improvements.** If "covered equipment" requires replacement due to an "accident", we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which actual cash value applies.

**23. Ordinance Or Law – Equipment Coverage**

a. Subject to Paragraph b. below, if a Covered Cause Of Loss occurs to equipment that is Covered

Property, we will pay to repair or replace the equipment as required by law.

b. If a Covered Cause Of Loss occurs to refrigeration equipment that is Covered Property, we will pay:

- (1) The cost to reclaim the refrigerant as required by law;
- (2) The cost to retrofit the equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990, and any amendments thereto or any other similar laws; and
- (3) The increased cost to recharge the system with a non-CFC refrigerant.

The amount we pay under this Extension Of Coverage will not increase the applicable Limit Of Insurance.

c. We will not pay under this Extension Of Coverage for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot, virus, bacteria or other microorganisms.

d. Loss to the equipment will be determined as follows:

(1) If the equipment is repaired or replaced, on the described or another premises, we will not pay more than the lesser of:

(a) The amount you actually spend to repair the equipment, but not for more than the amount it would cost to replace the equipment with equipment of the same kind and quality; or

(b) The Limit Of Insurance shown in the Declarations as applicable to the covered Building or Business Personal Property.

(2) If the equipment is not repaired or replaced, we will not pay more than the lesser of:

(a) The actual cash value of the equipment at the time of loss; or

(b) The Limit Of Insurance shown in the Declarations as applicable to the Building or Business Personal Property.

(3) We will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the equipment was undamaged; and

(b) You failed to comply with.

e. This Extension Of Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Extension Of Coverage.

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**SECTION I — LIMITS OF INSURANCE**

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1. Unless otherwise stated, the most we will pay for loss in any one occurrence is the applicable Limit Of Insurance of **SECTION I — PROPERTY** shown in the Declarations.

2. **Inflation Coverage**

If the Declarations indicate that Inflation Coverage applies then the Limits Of Insurance shown in the Declarations for **Coverage A – Buildings** and **Coverage B – Business Personal Property** will adjust as determined below during the term of this policy at the same rate as the Inflation Coverage Index shown in the Declarations for each coverage.

The most we will pay for loss in any one occurrence is the adjusted applicable Limit Of Insurance on the date of that occurrence.

To determine a limit on a given date:

- a. Divide the applicable Inflation Coverage Index on that date by the Inflation Coverage Index as shown in the Declarations or as amended as described below; then
- b. Multiply the resulting factor by the applicable Limit Of Insurance.

The Limits Of Insurance will not be reduced to less than the amounts shown in the Declarations.

If during the term of this policy the Limit Of Insurance for **Coverage A – Buildings** or **Coverage B – Business Personal Property** is changed at your request, the applicable Inflation Coverage Index as of the effective date shown in the Declarations is amended to coincide with the effective date of such change.

3. **Business Personal Property Limit – Seasonal Increase**

- a. The Limit Of Insurance for **Coverage B – Business Personal Property** will automatically increase by the percentage shown in the Declarations to provide for seasonal variations.
- b. This increase will apply only if the Limit Of Insurance shown for **Coverage B – Business Personal Property** in the Declarations is at least 100% of your average monthly values during the lesser of:
  - (1) The 12 months immediately preceding the date the loss occurs; or
  - (2) The period of time you have been in business as of the date the loss occurs.

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**SECTION I — DEDUCTIBLES**

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1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Basic Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Basic Deductible up to the applicable Limit Of Insurance of **SECTION I — PROPERTY**.
2. Regardless of the amount of the Basic Deductible, the most we will deduct from any loss under a coverage for which a Special Deductible is shown in the Declarations

is the amount of the Special Deductible shown for that coverage.

The Special Deductibles will not increase the Basic Deductible shown in the Declarations. The Special Deductibles will be used to satisfy the requirements of the Basic Deductible in the Declarations.

3. No deductible applies to the following Extensions Of Coverage:
  - a. Fire Department Service Charge;
  - b. Fire Extinguisher Systems Recharge Expense; and
  - c. Arson Reward.

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**SECTION I — CONDITIONS**

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1. **Property Loss Conditions**

- a. **Abandonment**

There can be no abandonment of any property to us.

- b. **Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. Each party will notify the other of the selected appraiser's identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

- c. **Duties In The Event Of Loss**

- (1) You must see that the following are done in the event of loss to Covered Property:
  - (a) Notify the police if a law may have been broken.
  - (b) Give us prompt notice of the loss. Include a description of the property involved.
  - (c) As soon as possible, give us a description of how, when and where the loss occurred.
  - (d) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your emergency and temporary repair expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits Of Insurance of **SECTION I — PROPERTY**.



However, we will not pay for any subsequent loss resulting from a cause of loss that is not a Covered Cause Of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(e) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(f) As often as may be reasonably required, permit us to inspect the property proving the loss and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(g) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(h) Cooperate with us in the investigation or settlement of the claim.

(i) Resume all or part of your "operations" as quickly as possible.

(2) We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### d. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

(1) There has been full compliance with all of the terms of this insurance; and

(2) The action is brought within 2 years after the date on which the accidental direct physical loss occurred.

#### e. Loss Payment

In the event of loss covered by this policy:

(1) At our option, we will either:

(a) Pay the value of lost or damaged property;

(b) Pay the cost of repairing or replacing the lost or damaged property;

(c) Take all or any part of the property at an agreed or appraised value; or

(d) Repair, rebuild or replace the property with other property of like kind and quality.

We will determine e.(1)(a) in accordance with the applicable terms of Paragraph e.(4) below or any applicable provision which amends or supersedes the terms of Paragraph e.(4) below.

(2) We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

(3) We will not pay you more than your lawful financial interest in the Covered Property.

(4) Except as provided in Paragraphs (b) through (e) below, we will determine the value of Covered Property as follows:

(a) At replacement cost without deduction for depreciation, as of the time of loss, subject to the following:

i. We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

1) The Limit Of Insurance under **SECTION I — PROPERTY** that applies to the lost or damaged property;

2) The cost to replace, on the described premises, the lost or damaged property with other property of comparable material, quality and used for the same purpose; or

3) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the described premises.

ii. You may make a claim for loss covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss.

iii. We will not pay on a replacement cost basis for any loss:

1) Until the lost or damaged property is actually repaired or replaced; and

2) Unless the repairs or replacement are made as soon as reasonably possible after the loss.

- iv. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (b) The following property at actual cash value as of the time of loss:
- i. Property of others, plus the cost of labor, materials, or services furnished or arranged by you on such property. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit Of Insurance.
- With respect to this provision, property used in your business that you lease from others or rent from others, or that is loaned to you, is not considered property of others.
- Under Personal Property Off Premises and Property Of Others of **SECTION I — EXTENSIONS OF COVERAGE**, the value of property of others in your care, custody or control will be determined in accordance with Paragraph **e.(4)(a)** above;
- ii. Household contents, except personal property in apartments or rooms furnished by you as landlord;
  - iii. Manuscripts;
  - iv. Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac; and
  - v. Used or second-hand merchandise held in storage or for sale.
- We will not pay more for loss in any one occurrence than the lesser of:
- i. The Limit Of Insurance under **SECTION I — PROPERTY** that applies to the lost or damaged property; or
  - ii. The actual cash value of the lost or damaged property as of the time of loss.
- (c) Glass at the cost of replacement with safety glazing material if required by law.
- (d) Tenants' improvements and betterments at:
- i. Replacement cost in accordance with the terms set forth in Paragraph **(4)(a)iii** above;
  - ii. A proportion of your original cost if you do not make repairs as soon as reasonably possible. We will determine the proportionate value as follows:
    - 1) Multiply the original cost by the number of days from the loss to the expiration of the lease; and
    - 2) Divide the amount determined in 1) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure; or
  - iii. Nothing if others pay for repairs or replacement.
- (e) Applicable only to Accounts Receivable:
- i. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss:
    - 1) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
    - 2) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
  - ii. The following will be deducted from the total amount of accounts receivable, however that amount is established:
    - 1) The amount of the accounts for which there is no loss;
    - 2) The amount of the accounts that you are able to re-establish or collect;
    - 3) An amount to allow for probable bad debts that you are normally unable to collect; and
    - 4) All unearned interest and service charges.
- (5) A payment for loss to personal property of others may be provided to you on behalf of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property.

We will not pay the owners more than their financial interest in the Covered Property.

- (6) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- (7) We will pay for covered loss within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and

- (a) We have reached agreement with you on the amount of loss; or

- (b) An appraisal award has been made.

- (8) In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits Of Insurance and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties.

#### f. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits Of Insurance of **SECTION I — PROPERTY**.

#### g. Vacancy

##### (1) Description Of Terms

- (a) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs i. and ii. below:

- i. When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough Business Personal Property to conduct customary operations.

- ii. When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- 1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

- 2) Used by the building owner to conduct customary operations.

- (b) Buildings under construction or renovation are not considered vacant.

#### (2) Vacancy Provisions

If the building where loss occurs has been vacant for more than 60 consecutive days before that loss occurs:

- (a) We will not pay for any loss caused by any of the following even if they are Covered Causes Of Loss:

- i. Vandalism;
  - ii. Sprinkler leakage, unless you have protected the system against freezing;
  - iii. Building glass breakage;
  - iv. Water damage;
  - v. Theft; or
  - vi. Attempted theft.

- (b) With respect to Covered Causes Of Loss other than those listed in Paragraphs (a)i. through (a)vi. above, we will reduce the amount we would otherwise pay for the loss by 15%.

#### 2. Property General Conditions

##### a. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any **SECTION I** condition at any one or more described premises will not affect coverage at any described premises where, at the time of loss, the breach of condition does not exist.

##### b. Mortgageholders

- (1) The term "mortgageholder" includes trustee.

- (2) We will pay for covered loss to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

- (3) The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

- (4) If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (a) Pays any premium due under this policy at our request if you have failed to do so;
- (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

- (5) If we pay the mortgageholder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

- (a) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (b) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- (6) If we cancel this policy, we will give written notice to the mortgageholder at least:

- (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (b) 30 days before the effective date of cancellation if we cancel for any other reason.

- (7) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**c. No Benefit To Bailee**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**d. Policy Period, Coverage Territory**

Under **SECTION I — PROPERTY**:

- (1) We cover loss commencing:

- (a) During the policy period shown in the Declarations; and
- (b) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

- (2) The coverage territory is:

- (a) The United States of America (including its territories and possessions);
- (b) Puerto Rico; and
- (c) Canada.

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**SECTION I — DEFINITIONS**

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1. "Accident" means direct physical loss as follows:

- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- b. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- d. Loss to steam boilers, steam pipes, steam engines or steam turbines caused by any condition or event inside such equipment; or
- e. Loss to hot water boilers or other water heating equipment, air conditioning units or refrigerating units caused by any condition or event inside such boilers or equipment.

"Accident" does not mean any defect, programming error, programming limitation, computer virus, malicious code, loss of "electronic data", loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" of any kind.

2. "Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.

3. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

4. "Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

None of the following is "covered equipment":

- a. Structure, foundation, cabinet, compartment or air supported structure or building;
- b. Insulating or refractory material;
- c. Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
- d. Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- e. Vehicle, aircraft, floating vessel or any equipment mounted on such vehicle, aircraft or floating vessel.



However, any property that is stationary, permanently installed at a described premises and that receives electrical power from an external power supplier will not be considered a vehicle, aircraft or floating vessel;

- f. Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
  - g. Dragline, excavation equipment or construction equipment; or
  - h. Equipment manufactured by you for sale.
5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
8. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
9. "Manager" means a person serving in a directorial capacity for a limited liability company.
10. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
11. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
12. "Operations" means your business activities occurring at the described premises.
13. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
14. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste also includes materials to be recycled, reconditioned or reclaimed.
15. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
16. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
- a. The cost of filling sinkholes; or
  - b. Sinking or collapse of land into man-made underground cavities.
17. "Specified causes of loss" means the following:  
Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; "volcanic action"; falling objects; weight of snow, ice or sleet; water damage.
- a. Falling objects does not include loss to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof, an outside wall, or outside building glass of the building or structure is first damaged by a falling object.
  - b. Water damage, meaning only abrupt accidental discharge or leakage of water or steam as the direct result of the abrupt rupture of any part of a plumbing system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
18. "State Farm Companies" means one or more of the following:
- a. State Farm Mutual Automobile Insurance Company;
  - b. State Farm Fire and Casualty Company; and
  - c. Subsidiaries or affiliates of either a. or b. above.
19. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
20. "Utility service equipment" means non-covered property, of a type that otherwise meets the definition of "covered equipment", that is owned by a utility, landlord, landlord's utility or other supplier who provides you with any of the following services:
- a. Internet access, wide area network, telecommunications or data transmission services;
  - b. Water, electricity, natural gas, steam, heating, air conditioning, refrigeration or compressed air services; or
  - c. Waste disposal services;
- to the described premises.

21. "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money", "securities" or "electronic data".

22. "Volcanic action" means accidental direct physical loss resulting from the eruption of a volcano when the loss is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

We will not pay for the cost to remove ash, dust or particulate matter that does not cause accidental direct physical loss to Covered Property.

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## SECTION II — LIABILITY

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### Coverage L – Business Liability

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1. When a Limit Of Insurance is shown in the Declarations for **Coverage L – Business Liability**, we will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured by counsel of our choice against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury", to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" with or without the insured's consent, for any reason and at any time. But:

- a. The amount we will pay for damages is limited as described in **SECTION II — LIMITS OF INSURANCE**; and
- b. Our right and duty to defend end when we have used up the applicable Limit Of Insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **Section II – Supplementary Payments**.

2. This insurance applies:

- a. To "bodily injury" and "property damage" only if:
  - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (2) The "bodily injury" or "property damage" occurs during the policy period; and
  - (3) Prior to the policy period, no insured listed under Paragraph 1.a. of **SECTION II — WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation,

change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

- b. To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- 3. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1.a. of **SECTION II — WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- 4. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1.a. of **SECTION II — WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
  - a. Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - b. Receives a written or verbal demand or claim for damages, or other relief, because of the "bodily injury" or "property damage"; or
  - c. Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- 5. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

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### Section II – Supplementary Payments

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- 1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
  - a. All expenses we incur.
  - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which **Coverage L – Business Liability** for "bodily injury" applies. We do not have to furnish these bonds.

- c. The premium for bonds to release attachments, but only for bond premiums within our Limit Of Insurance. We do not have to furnish, finance, arrange for, guarantee or collateralize these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. Any cost taxed against the insured in the "suit", except for attorney fees and expenses.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit Of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit Of Insurance.

These payments will not reduce the Limit Of Insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - b. This insurance applies to such liability assumed by the insured;
  - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - d. The allegations in the "suit" and the information we know about the "occurrence" or offense are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - f. The indemnitee:
    - (1) Agrees in writing to:
      - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
      - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - (c) Notify any other insurer whose coverage is available to the indemnitee; and
      - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
  - (b) Conduct and control the defense of the indemnitee in such "suit".
- 3. So long as the conditions in Paragraph 2. above are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b. in **Section II – Exclusions**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits Of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable Limit Of Insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph 2.f. above are no longer met.

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## Section II – Exclusions

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Applicable to **Coverage L – Business Liability**, this insurance does not apply to:

### 1. Expected Or Intended Injury

- a. "Bodily injury" or "property damage" expected or intended to cause harm as would be expected by a reasonable person; or
- b. "Bodily injury" or "property damage" which is the result of willful and malicious, or criminal acts of the insured.

This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

### 2. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- a. That the insured would have in the absence of the contract or agreement; or
- b. Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

- (1) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
- (2) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### 3. Liquor Liability

- a. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:
  - (1) Causing or contributing to the intoxication of any person;
  - (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
  - (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.
- b. This exclusion applies only if you:
  - (1) Manufacture, sell or distribute alcoholic beverages; or
  - (2) Serve or furnish alcoholic beverages:
    - (a) As a regular part of your business;
    - (b) For a charge whether or not such activity:
      - i. Requires a license; or
      - ii. Is for the purpose of financial gain or livelihood; or
    - (c) Without a charge, if a license is required for such activity.

### 4. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

### 5. Employer's Liability

- a. "Bodily injury" to:
  - (1) An "employee" or a former "employee" of the insured arising out of and in the course of:
    - (a) Employment by the insured; or
    - (b) Performing duties related to the conduct of the insured's business; or
  - (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.
- b. This exclusion applies:
  - (1) Whether the insured may be liable as an employer or in any other capacity; and
  - (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

### 6. Employment-Related Practices

- a. "Bodily injury" or "personal and advertising injury" to:
  - (1) A person arising out of any:
    - (a) Refusal to employ that person;
    - (b) Termination of that person's employment; or
    - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, malicious prosecution, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
  - (2) The spouse, child, parent, brother or sister of that person as a consequence of Paragraph (1) above.
- b. This exclusion applies:
  - (1) Whether the insured may be liable as an employer or in any other capacity;
  - (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury; or
  - (3) Whether the injury causing event described in Paragraph a.(1) above occurs before employment, during employment or after employment of that person.

### 7. Pollution

- a. "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, spill, release or escape of "pollutants":
  - (1) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
    - (a) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
    - (b) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or



- (c) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (2) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
  - (a) Any insured; or
  - (b) Any person or organization for whom you may be legally responsible; or
- (4) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
  - (a) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
  - (b) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (c) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (5) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

**b. Any loss, cost or expense arising out of any:**

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority.

**8. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use also includes operation and "loading or unloading".

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- a. A watercraft while ashore on premises you own or rent;
- b. A watercraft you do not own that is:
  - (1) Less than 51 feet long; and
  - (2) Not being used to carry persons or property for a charge;
- c. Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or any insured;
- d. Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- e. "Bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person; or
- f. "Bodily injury" or "property damage" arising out of:
  - (1) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or

financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or

**(2) The operation of any of the following machinery or equipment:**

- (a)** Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (b)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

**9. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- a.** The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- b.** The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity or contest.

**10. War**

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- a.** War, including undeclared civil war;
- b.** Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c.** Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

**11. Professional Services Or Treatment**

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering or failure to render any professional service or treatment. This includes but is not limited to:

- a.** Legal, accounting or advertising services;
- b.** Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications;
- c.** Supervisory, inspection, architectural or engineering activities;
- d.** Treatment, advice or instruction of any medical, surgical, dental, x-ray or nursing services;
- e.** Treatment, advice or instruction of any health or therapeutic services;
- f.** Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

- g.** Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- h.** Body piercing services;
- i.** Services in connection with the practice of pharmacy;
- j.** Handling, embalming, disposal, burial, cremation or disinterment of dead bodies; and
- k.** Veterinary services or treatments.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

**12. Damage To Property**

"Property damage" to:

- a.** Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- b.** Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- c.** Property loaned to you;
- d.** Personal property in the care, custody or control of any insured;
- e.** That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations;
- f.** That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it; or
- g.** Covered Property under **SECTION I** of this policy that is held in common by members of a condominium or association.

Paragraph **b.** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **c.**, **d.**, **e.**, and **f.** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **f.** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**13. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**14. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

**15. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- a. A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- b. A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**16. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- a. "Your product";
- b. "Your work"; or
- c. "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**17. Personal And Advertising Injury**

- a. Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- b. Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- d. For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- e. Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- f. Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";

- g. Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

- h. Committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **18.a.**, **b.** and **c.** of "personal and advertising injury" under **SECTION II — DEFINITIONS**.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- i. Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- j. With respect to any loss, cost or expense arising out of any:
  - (1) Request, demand, order, or statutory or regulatory requirement that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of, "pollutants"; or
  - (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, "pollutants";
- k. Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- l. Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".
 

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;
- m. Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers; or
- n. Arising out of a criminal act committed by or at the direction of the insured.

**18. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

#### 19. Recording And Distribution Of Material In Violation Of Law

"Bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

#### 20. Fungi

- a. "Bodily injury", "property damage", or "personal and advertising injury" arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi":
  - (1) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured; or
  - (2) At or from any premises, site or location on which any insured or any contractor or subcontractor working directly or indirectly on behalf of any insured is or was at any time performing operations;
- b. Any loss, cost or expense arising out of any:
  - (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate or dispose of or in any way respond to or assess the effects of "fungi"; or
  - (2) Claim or "suit" for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing,

remediating or disposing of, or in any way responding to or assessing the effects of "fungi".

This exclusion does not apply to any "fungi" that are, are on, or are contained in, a good or product intended for bodily consumption.

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### SECTION II — DAMAGE TO PREMISES RENTED TO YOU

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Subject to the terms and conditions of **SECTION II** of this coverage form, unless otherwise indicated, we will also pay those sums that the insured becomes legally obligated to pay as damages because of "property damage" to premises rented to you or occupied by you with the owner's permission. This insurance applies if such "property damage" arises out of any insured loss in **SECTION I** of this coverage form.

However, we will not pay for loss to property described in Paragraphs **3.**, **4.** and **5.** under **Coverage B – Business Personal Property** of **SECTION I — PROPERTY**.

The most we will pay for damages because of "property damage" to these premises arising out of any one event, or a series or combination of such events, is the separate Damage To Premises Rented To You limit as described in **SECTION II — LIMITS OF INSURANCE**. This limit applies per "occurrence".

Our limit will not be increased regardless of the number of:

1. Insureds;
2. Premises insured;
3. Claims made or "suits" brought; or
4. Persons or organizations making claims or bringing "suits".

**Section II – Exclusions 3., 4., 5., 6., 7., 8., 9., 10., 12., 13., 14., 15., and 16.** do not apply to this coverage.

For the purpose of determining our limit for this coverage, all "property damage" arising out of a continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one "occurrence".

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### SECTION II — MEDICAL EXPENSES

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#### Coverage M – Medical Expenses

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1. When a Limit Of Insurance is shown in the Declarations for **Coverage M – Medical Expenses** we will pay medical expenses as described below for "bodily injury" caused by an accident:
  - a. On premises you own or rent;
  - b. On ways next to premises you own or rent; or
  - c. Because of your operations;
 provided that:
  - a. The accident takes place in the "coverage territory" and during the policy period;
  - b. The expenses are incurred and reported to us within one year of the date of the accident;



- c. The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require; and
  - d. The injured person, or, when appropriate, someone acting on behalf of that person:
    - (1) Gives us written proof of claim, under oath if required, as soon as practicable;
    - (2) Executes authorization to allow us to obtain copies of medical reports or other records; and
    - (3) Submits to us all information we need to comply with state or federal law.
2. We will make these payments regardless of fault. The amount we will pay for medical expenses is limited as described in **SECTION II — LIMITS OF INSURANCE**. We will pay reasonable expenses for:
- a. First aid administered at the time of an accident;
  - b. Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
  - c. Necessary ambulance, hospital, professional nursing and funeral services.

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#### **Coverage M – Medical Expenses Exclusions**

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Under **Coverage M – Medical Expenses**, we will not pay expenses for “bodily injury”:

- 1. Excluded under **Section II – Exclusions** applicable to **Coverage L – Business Liability**.
- 2. To any insured, except “volunteer workers”.
- 3. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- 4. To a person injured on that part of the premises you own or rent that the person normally occupies.
- 5. To a person, whether or not an “employee” of any insured, if benefits for the “bodily injury” are payable or must be provided under a workers’ compensation or disability benefits law or a similar law.
- 6. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- 7. Included within the “products-completed operations hazard”.
- 8. Arising out of the use of any “non-owned auto”.

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#### **SECTION II — NUCLEAR ENERGY LIABILITY EXCLUSION**

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Applicable to both **Coverage L – Business Liability** and **Coverage M – Medical Expenses**, this insurance does not apply:

- 1. Under **Coverage L – Business Liability**, to “bodily injury” or “property damage”:
  - a. With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of

Canada, or would be an insured under any such policy but for its termination upon exhaustion of its Limit Of Liability; or

- b. Resulting from the “hazardous properties” of “nuclear material” and with respect to which:
    - (1) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
    - (2) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
2. Under **Coverage M – Medical Expenses**, to expenses incurred with respect to “bodily injury” resulting from the “hazardous properties” of “nuclear material” and arising out of the operation of a “nuclear facility” by any person or organization.
3. Under **Coverage L – Business Liability**, to “bodily injury” or “property damage” resulting from the “hazardous properties” of the “nuclear material” if:
- a. The “nuclear material”:
    - (1) Is at any “nuclear facility” owned by, or operated by or on behalf of, an insured; or
    - (2) Has been discharged or dispersed therefrom;
  - b. The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
  - c. The “bodily injury” or “property damage” arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any “nuclear facility”; but if such facility is located within the United States of America, its territories or possessions or Canada, this Paragraph c. applies only to “property damage” to such “nuclear facility” and any property thereat.
4. As used in this exclusion:
- a. “By-product material” has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
  - b. “Hazardous properties” include radioactive, toxic or explosive properties;
  - c. “Nuclear facility” means:
    - (1) Any “nuclear reactor”;
    - (2) Any equipment or device designed or used for:
      - (a) Separating the isotopes of uranium or plutonium;
      - (b) Processing or utilizing “spent fuel”; or
      - (c) Handling, processing or packaging “waste”;

(3) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

- d. "Nuclear material" means "source material", "special nuclear material" or "by-product material";
- e. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- f. "Property damage" includes all forms of radioactive contamination of property;
- g. "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- h. "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- i. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- j. "Waste" means any waste material:

(1) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and

(2) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (1) and (2) of the definition of "nuclear facility".

## SECTION II — WHO IS AN INSURED

1. Except for liability arising out of the use of "non-owned autos":

a. If you are designated in the Declarations as:

(1) An individual, you and your spouse are insureds, but only with respect to the conduct of a business, other than described in (2) through (5) below, of which you are the sole owner.

(2) A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.

(3) A limited liability company, you are an insured. Your "members" are also insureds, but only with respect to the conduct of your business. Your "managers" are insureds, but only with respect to their duties as your "managers".

(4) An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

(5) A trust, you are an insured. Any executor, administrator, trustee, beneficiary or custodian of your estate or living trust are also insureds, but only while acting within the scope of their duties as such.

b. Each of the following is also an insured:

(1) Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your "managers" (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(a) "Bodily injury" or "personal and advertising injury":

i. To you, to your partners or members (if you are a partnership or joint venture), to your "members" (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

ii. To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph i. above; or

iii. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph i. or ii. above.

(b) "Property damage" to property:

i. Owned, occupied or used by,

ii. Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your “employees”, “volunteer workers”, any partner or member (if you are a partnership or joint venture), or any “member” (if you are a limited liability company).

- (2) Any person (other than your “employee” or “volunteer worker”), or any organization while acting as your real estate manager.
- (3) Any person or organization having proper temporary custody of your property if you die, but only:
  - (a) With respect to liability arising out of the maintenance or use of that property; and
  - (b) Until your legal representative has been appointed.
- (4) Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

c. With respect to “mobile equipment” registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured but only with respect to liability arising out of the operation of the equipment and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- (1) “Bodily injury” to a person employed by the same employer of the person driving the equipment; or
- (2) “Property damage” to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

d. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- (1) Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- (2) There is no coverage for:
  - (a) “Bodily injury” or “property damage” that occurred; or
  - (b) “Personal and advertising injury” arising out of an offense committed;
 before you acquired or formed the organization.

2. Only with respect to liability arising out of the use of “non-owned autos”:

a. Each of the following is an insured to the extent set forth below:

- (1) You;
- (2) Any partner or “executive officer” of yours but only while such “non-owned auto” is being used in your business; or
- (3) Any “employee” of yours but only while such “non-owned auto” is being used in your business; and
- (4) Any other person or organization, but only for their liability because of acts or omissions of an insured under (1), (2) or (3) above.

b. None of the following is an insured:

- (1) “Employees” with respect to “bodily injury” to any fellow “employee” of the insured arising out of and in the course of the fellow “employee’s” employment or while performing duties related to the conduct of your business;
- (2) Any:
  - (a) Partner or “executive officer” for any “auto” owned by or registered to such partner or officer or a member of his or her household; or
  - (b) “Employee” for any “auto” owned by or registered to such “employee” or a member of his or her household;
- (3) Any person while employed in or otherwise engaged in duties in connection with a business of selling, repairing, servicing, storing, or parking “autos” unless that business is yours; or
- (4) The owner of a “non-owned auto” or any agent or “employee” of any such owner.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

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## SECTION II — LIMITS OF INSURANCE

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1. The Limits Of Insurance of **SECTION II — LIABILITY** shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Premises insured;
- c. Claims made or “suits” brought; or
- d. Persons or organizations making claims or bringing “suits”.

2. The most we will pay for the sum of all damages because of all:

- a. “Bodily injury”, “property damage” and medical expenses arising out of any one “occurrence”; and
- b. “Personal and advertising injury” sustained by any one person or organization;

is the **Coverage L – Business Liability** limit shown in the Declarations for the policy period during which the injury or damage first occurs and no additional limits or coverage will be available for the “occurrence” or offense under any additional years that this policy remains in force. But the most we will pay for all medical expenses because of “bodily injury” sustained by any one person is the **Coverage M – Medical Expenses** limit shown in the Declarations.

This limit does not apply to “property damage” to a premises while rented to you or occupied by you with the permission of the owner.

3. The most we will pay for damages because of “property damage” to a premises while rented to you or occupied by you with the permission of the owner is the Damage To Premises Rented To You limit shown in the Declarations.

#### 4. Aggregate Limits

The most we will pay for:

- a. All “bodily injury” and “property damage” that is included in the “products-completed operations hazard” is the Products And Completed Operations Aggregate limit shown in the Declarations.

- b. All:

- (1) “Bodily injury” and “property damage” except damages because of “bodily injury” or “property damage” included in the “products-completed operations hazard”;

- (2) Medical expenses; and

- (3) “Personal and advertising injury” caused by offenses committed;

is the General Aggregate limit shown in the Declarations.

This General Aggregate limit applies separately to each premises not on the same or connecting lots.

However, this General Aggregate limit does not apply to “property damage” payable under **SECTION II — DAMAGE TO PREMISES RENTED TO YOU** coverage.

The Limits Of Insurance of **SECTION II — LIABILITY** apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits Of Insurance.

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## SECTION II — DEDUCTIBLES

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If a deductible amount is shown in the Declarations under **SECTION II — DEDUCTIBLES** our obligation to pay damages on your behalf under the “property damage” liability coverage provided by **Coverage L – Business Liability** applies only to the amount of damages in excess of the deductible shown in the Declarations under

**SECTION II — DEDUCTIBLES**. This deductible amount applies per claim to all damages because of “property damage” sustained by one person or organization as the result of any one “occurrence”. This deductible will apply only to the amount of the loss and will not reduce our Limit Of Insurance.

However, the deductible does not apply to “property damage” payable under **SECTION II — DAMAGE TO PREMISES RENTED TO YOU** coverage.

We may pay any part or all of the deductible amount to settle any claim or “suit”. Upon notification of the action taken, you will promptly reimburse us for that part of the deductible amount that has been paid by us.

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## SECTION II — GENERAL CONDITIONS

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### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured’s estate will not relieve us of our obligations under this policy.

### 2. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for “bodily injury” liability and “property damage” liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

- b. With respect to “mobile equipment” to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

### 3. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an “occurrence” or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the “occurrence” or offense took place;

- (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the “occurrence” or offense.

- b. If a claim is made or “suit” is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or “suit” and the date received; and

- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or “suit” as soon as practicable.



c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

#### 4. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit Of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### 5. Separation Of Insureds

Except with respect to the **SECTION II — LIMITS OF INSURANCE**, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

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#### SECTION II — DEFINITIONS

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1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time. "Bodily injury" includes mental anguish or other mental injury caused by the "bodily injury".

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:

(1) Goods or products made or sold by you in the territory described in Paragraph a. above;

(2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or

(3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by "fungi".
8. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
9. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

**10. "Insured contract" means:**

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.

**11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".****12. "Loading or unloading" means the handling of property:**

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

**13. "Manager" means a person serving in a directorial capacity for a limited liability company.****14. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".****15. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:**

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:

- (1) Power cranes, shovels, loaders, diggers or drills; or

- (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

- (2) Cherry pickers and similar devices used to raise or lower workers;

- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

**(1) Equipment designed primarily for:**

- (a) Snow removal;

- (b) Road maintenance, but not construction or resurfacing; or

- (c) Street cleaning;

- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning,

geophysical exploration, lighting and well servicing equipment.

16. "Non-owned auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by or registered to your "employees", partners or members (if you are a partnership or joint venture), "members" or "managers" (if you are a limited liability company), "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company), or members of their households, but only while used in your business or your personal affairs.
17. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
18. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
  - a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of privacy, of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
19. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
20. "Products-completed operations hazard":
  - a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
    - (1) Products that are still in your physical possession; or
    - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
      - (a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

21. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured or destroyed, provided such loss of use is caused by physical injury to or destruction of other tangible property. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

22. "State Farm Companies" means one or more of the following:

- a. State Farm Mutual Automobile Insurance Company;
- b. State Farm Fire and Casualty Company; and
- c. Subsidiaries or affiliates of either a. or b. above.

23. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
24. "Temporary worker" means a person who is furnished to:
- You to substitute for a permanent "employee" on leave; or
  - Meet seasonal or short-term workload conditions.
25. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
26. "Your product":
- Means:
    - Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
      - You;
      - Others trading under your name; or
    - A person or organization whose business or assets you have acquired; and
  - Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- Includes:
- Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
  - The providing of or failure to provide warnings or instructions.
- Does not include vending machines or other property rented to or located for the use of others but not sold.
27. "Your work":
- Means:
    - Work or operations performed by you or on your behalf; and
    - Materials, parts or equipment furnished in connection with such work or operations.
  - Includes:
    - Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
    - The providing of or failure to provide warnings or instructions.

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## SECTION I AND SECTION II — COMMON POLICY CONDITIONS

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### 1. Changes

- This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
- We may change the Named Insured's policy address as shown in the Declarations and in our records to the most recent address provided to us by:
  - You; or
  - The United States Postal Service.

### 2. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- This policy;
- The Covered Property;
- Your interest in the Covered Property; or
- A claim under this policy.

### 3. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### 4. Inspections And Surveys

- We have the right to:
  - Make inspections and surveys at any time;
  - Give you reports on the conditions we find; and
  - Recommend changes.
- We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - Are safe and healthful; or
  - Comply with laws, regulations, codes or standards.
- Paragraphs **a.** and **b.** of this condition apply not only to us, but also to any rating, advisory, rate



service or similar organization which makes insurance inspections, surveys, reports or recommendations.

- d. Paragraph **b.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## 5. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

## 6. Liberalization

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

## 7. Other Insurance

### SECTION I — PROPERTY

If there is other insurance covering the same loss, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect on it or not. However, this insurance is primary and does not contribute with any other insurance for a covered loss to property as described in **Coverage A – Buildings** that you do not own and which is your insurance responsibility according to the terms of a lease or rental agreement. We will decide if our payment for loss will be made to you or to the owner of the property. But we will not pay more than the applicable Limit Of Insurance of **SECTION I — PROPERTY** coverages shown in the Declarations.

### SECTION II — LIABILITY

If other valid and collectible insurance is available to the insured for a loss we cover under **SECTION II — LIABILITY**, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

#### b. Excess Insurance

(1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
  - (i) That insures for accidental direct physical loss; or
  - (ii) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to paragraph **8.** of **Section II – Exclusions**.

- (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

(2) When this insurance is excess, we will have no duty under **Coverage L – Business Liability** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the **SECTION II — LIABILITY** Limits Of Insurance shown in the Declarations.

#### c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### d. Other Insurance Provided By Us

The total insurance provided under **Coverage L – Business Liability** and any other policy written by us will not exceed the highest Limit Of Insurance applicable under any one of the policies written by us.

## 8. Premiums

#### a. The first Named Insured shown in the Declarations:

- (1) Is responsible for the payment of all premiums; and
- (2) Will be the payee for any return premiums we pay.

- b. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
- c. Unless otherwise provided by an alternative payment plan in effect with "State Farm Companies", you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
  - (1) Paid to us prior to the anniversary date; and
  - (2) Determined in accordance with Paragraph b. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

- d. Undeclared exposures or change in your business operation, acquisition or use of premises may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.
- e. The premium for this policy may vary based upon the purchase of other insurance from the "State Farm Companies".

#### 9. Premium Audit

- a. This policy is subject to audit if a premium designated as an estimated premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
- b. Premium shown in this policy as estimated premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the estimated and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### 10. Transfer Of Rights Of Recovery Against Others To Us

- a. Applicable to **SECTION I — PROPERTY**:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are

transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- (1) Prior to a loss to your Covered Property.
- (2) After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (a) Someone insured by this insurance;
  - (b) A business firm:
    - i. Owned or controlled by you; or
    - ii. That owns or controls you; or
  - (c) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

- b. Applicable to **SECTION II — LIABILITY**:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

#### 11. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

#### 12. Conformity To State Law

When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

#### 13. Severability

If any provision of this policy is held invalid or unenforceable by a court that has jurisdiction, then:

- a. Such provision will remain in full force to the extent not held invalid or unenforceable; and
- b. All other provisions of this policy will remain valid and enforceable.